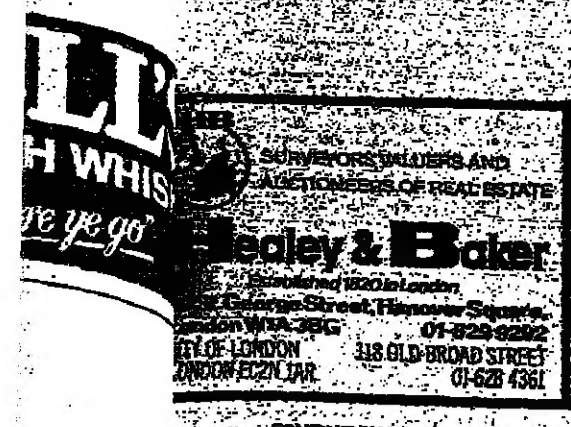




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## NEWS SUMMARY

### U.S. Embassy in Beirut bombed

Worsteds for the...  
The U.S. Embassy in Beirut was bombed by a car bomb on Saturday night. The explosion killed at least 10 people and injured many others. The U.S. State Department has condemned the attack and said it was a "barbaric act of terrorism".

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## Appeal Court will test legality of pay sanctions

BY CHRISTIAN TYLER, LABOUR EDITOR

The legality of the Government's sanctions for enforcing its pay policy, already the subject of political controversy, will be raised in the Court of Appeal on Monday.

Although the case does not directly involve the Government, the court will be asked to express a view. The Department of Employment said last night it was briefing counsel for the hearing.

At least one of the parties believes the case is unlikely to be decided without some reference to Ministers' authority for threatening withdrawal of Government contracts from companies in breach of its 10 per cent earnings guideline.

A Croydon-based electrical contracting company, Holliday Hall, will re-apply for an injunction against the Electrical and Plumbing Trades Union, which this week made official a strike said to involve the bulk of the company's 2,000 electricians.

The company under threat of sanctions, has obeyed Employment Department instructions not to implement part of a recently-negotiated national wage agreement.

It will contend that the threat is unlawful, and that it now faces a strike by all its electricians. It also claims that it, along with two others, has been unfairly selected by the union for industrial action.

The company said that it did work for the Property Services Agency, the British Steel Corporation, the Central Electricity Generating Board and other public sector bodies. About three-quarters of its installation work was on State contracts.

Yesterday, it went to the Court of Appeal after the refusal of Mr. Justice Paine, at a private hearing on Thursday night, to grant the injunction.

The Appeal Court adjourned the hearing asking the company to invite the Employment Department and EPTU to be represented on Monday.

Last night, Mr. Frank Chapple, EPTU general secretary, was consulting his union's solicitors. He said that he might attend the court.

In court yesterday, Lord Justice Ormrod commented that injunctions and trade unions made "an explosive mixture". He hoped the delay might reduce the temperature.

Apart from any judicial pronouncement on Government sanctions, the case has important labour law implications. The company will argue that the EPTU is committing a civil wrong by inducing its members to break their contracts of employment.

It claims that there is no trade dispute between the company and the union—the company says it wants to pay the extra money—but between the union and the Government.

Therefore, it argues, the union is not protected by the Trade Union and Labour Relations Act of 1974, successor of the 1906 Trade Disputes Act.

## Ministers ordered to answer blacklist questions

By Rupert Carrwell

GOVERNMENT Ministers can no longer refuse questions about the secret blacklist of companies which have breached pay policy, Mr. George Thomas, Speaker of the Commons, ruled yesterday.

The ruling is a tactical victory for the Conservatives and it came after a protest by Mr. Kenneth Clarke, Conservative MP for Rushcliffe. It is certain to prompt a flood of questions asking for the names of companies blacklisted.

The pressure will probably be resisted by the Government as long as possible. Ministers are still confident of success in a debate on Tuesday in spite of the threat of a Left-wing revolt.

The blacklist is said to contain the names of 19 companies, not counting the Sun Alliance Group, which is under threat of being forced to cut premiums.

However, the Government said last night that it would base its defence against Tuesday's Conservative offensive on the need to protect its anti-inflation strategy.

### Rebutted

The main speaker in the special Commons debate on Tuesday, will be Mr. Roy Hattersley, the Prices Secretary. Mr. Hattersley said at Oxford last night that the Government would continue to penalise companies which settled outside the guidelines.

He rebutted the main argument used by the Tories to embarrass the Prime Minister, that by applying arbitrary sanctions against individual employers the Government was "seriously abusing its powers by acting without Parliamentary authority."

He told the University Labour Club that there could be no question of Ministers acting outside the law to further their policies. "But within the law we shall continue to use our influence in what is clearly the national interest."

He accused the Conservatives of applying double standards in supporting specific wage claims while arguing that wages in general must be held down.

The debate would be about how to conquer rising prices, at a time when it was certain that single-figure inflation would be achieved this spring, sooner than scheduled.

Last night Mr. Michael Latham, Tory MP for Melton, advised companies to refuse to give details of pay settlements.

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## Schmidt reshuffles five Cabinet posts

BY JONATHAN CARR

A CABINET reshuffle, involving changes at the top of five Ministries including Defence and Finance, was announced by Chancellor Helmut Schmidt today.

The action was precipitated by the resignation of Herr Georg Leber as Defence Minister. He stepped down after a series of damaging incidents, culminating in controversial bugging activities by the Military Counter-Intelligence Service, which comes under his responsibility.

Herr Schmidt has used the occasion to make a clean sweep elsewhere, bringing in some new, relatively young faces at the start of a year which sees four key principal elections.

In the main changes, Herr Hans Apel, 45, leaves the Finance Ministry after nearly four years to take over Herr Leber's job.

He will be succeeded by Herr Hans Matthöfer, 62, until now Minister for Research and Technology.

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## Leyland plans 3-month sales boost

BY STUART ALEXANDER

A THREE-MONTH sales campaign is to be launched tomorrow by British Leyland in an attempt to boost its sagging share of the U.K. volume car market.

The company has been building up stocks steadily during a period of uninterrupted production, particularly at Cowley, Oxford, and now has about ten weeks' supply.

The move comes after a week in which Mr. Michael Edwards, new chairman of British Leyland, has employed barstowing tactics to sell his reorganisation plan for Leyland Cars.

Yesterday, he received his second standing ovation—the first was from union and employee representatives on Wednesday—at a meeting of more than 2,000 distributors and dealers at the Wembley Conference Centre, north London.

### Determined

He told them that Leyland had at times let them down, but it was determined to do better. Work must also do better.

"If you don't sell the cars, the company will be in much greater pain than any self-inflicted wound could cause."

Besides increasing the pressure on dealers to fight for extra sales—recently they have been accused of looking for maximum profit rather than maximum volume because of fears over lack of supply—Mr. Edwards also announced three senior appointments.

Mr. John Hirsch, assistant managing director of Lex Services, a Leyland dealer—is to be director of cars marketing staff.

This will provide the promised support for the "broad principle" of the proposed sales drive, announced by Mr. Edwards this morning.

Mr. Hirsch, 44-year-old manufacturing director of Leyland official backing to the month-long cars, is being entrusted with the job of re-establishing the former work scheduled with Ford 441m, worth of production factoring operation at a separate site at Halewood plant on Mersey-side, has been made to Mr. Jack Jones, general secretary.

Pressed Steel Fisher will serve as the new car manufacturing divisions and be encouraged to look elsewhere for work.

Mr. Musgrove, aged 47, is taking one of the key roles in the new structure as the man responsible for ensuring im-

est in New York

February 3, Previous

1 month \$1,011.00 (\$1,000.00)

3 months \$1,011.00 (\$1,000.00)

12 months \$1,011.00 (\$1,000.00)

AN OFFER FROM M&G AMERICA

M&G AMERICAN & GENERAL FUND

The US stock market, in stark contrast to that of the UK, has performed exceptionally well over the last year, with the Dow Jones approaching a 3-year low on January 27th.

Although share prices in America could decline further, share values are today more attractive than they have been for many years, whether measured in terms of earnings, yield or assets.

When it comes to the value of the company, the M&G American & General Fund is designed to invest in a wide range of American securities, with maximum long-term growth as the main objective.

Investment is partially through back-to-back loan facilities in order to reduce the effects of the dollar premium. The estimated gross current yield (on dollar units) is 9.9% at the buy price of 40p on 1st February 1978.

Unit Trusts are a long-term investment and not suitable for money that you may need at short notice.

The price of units and the income from them may go down as well as up.

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# The week in London and New York

## Wage claims hit market

### ONLOOKER

THE GROWING list of pending wage claims in the public sector which fall outside the Government's guidelines weighed heavily on the market this week and equities recorded widespread falls. The Financial Times Industrial Ordinary Index dropped nearly 19 points to its lowest level since November 24.

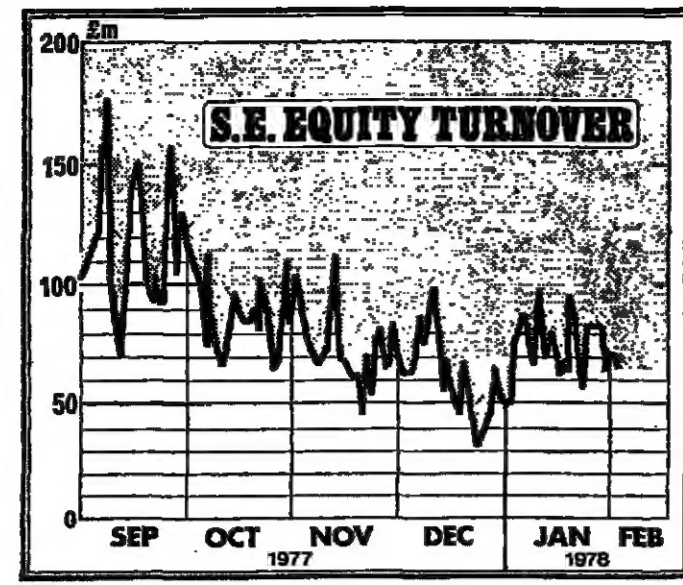
The account kicked off on a very depressed note. The possible threat to petrol supplies coming on top of the concern over pay claims left the index 71 points lower. Sentiment was further knocked following the rather bullish CBI survey on industry and with the railmen and gasworkers putting forward hefty pay claims there was little chance of any recovery.

By the end of the week gilts were buckling amid all the uncertainty and a fall in sterling. Equities naturally followed suit.

### Harcros triumph

Harcros and Crosfield seems to be winning the war to defend its empire against the Rothschild raiders.

This week H and C has declared unconditional bids for Malaysian Plantations and Harcross Investment Trust. The battle for Malaysia was won at a high cost since the price of 30p per share was well above market expectations and McLeod Russell, which stirred up the bid, came away with a £1.3m. profit.



### Securities Council

The City now seems to have included in its preparations for the long-expected new supervisory body.

Within the next few days a document sketching the proposal for a wide-ranging, high-level Council for the Securities Industry will go out from Mr. Gordon Richardson, Governor of the Bank of England, to the various City associations. Given a fair wind, the project should be launched next month, a fortunate coincidence of timing since that is the stage by which Sir Harold Wilson's committee on financial institutions will be turning its attention to regulation of the securities markets.

It is clear that by then the City wants to have demonstrated anew its determination to keep its house in order over the area not covered by law before Wilson considers other evidence, given of market deals, similar to those imposed by the U.S. Securities and Exchange Commission.

### BAT's views

Full-year profits from BAT Industries, showing an 11 per cent. rise to £416m. pre-tax, may have been a shade below market expectations but the shares held steady over the week. However, the group's

comments about its food retailing subsidiary — International Stores — fuelled the weakness in retailing share prices.

Mr. Laurence Hill, chairman of International, predicted that the price was about £90m. off the profits of the 20 largest supermarket groups this year. On his figures, that would drop the profits of these 20 companies from £170m. to £80m.

But analysts are highly sceptical about Mr. Hill's forecasts. True, the price war is hurting margins, but the likes of Asda, Tesco and Sainsbury are expected at least to maintain profits, and these three alone could make over £80m. That would leave precious little for the other 17 in Mr. Hill's hypothesis.

International itself may well be having a tough time of it. Taking on extra Green Shield Stamp franchises at a time when it is trying to compete on price must hit margins. Tesco's Mr. Ian MacLaurin this week agreed that there might be some casualties in the price war, but claimed that Tesco anyway was making higher profits.

The International view seems far too pessimistic.

The news is a cause for rejoicing to anyone invested in Scottish and Continental, and the behaviour of the share price reflected the fact. For at a time when, under the influence of (in particular) takeovers and hopes of takeovers, the average discount within the investment trust sector has shrunk from almost 40 to around 25 per cent., that on Scottish and Continental shares has hovered obstinately around the former figure.

The reason, according to director Mr. J. R. Johnstone, is that Continental shares are out of favour, because the trust is so specialised (85 per cent. invested in continental Europe), that accentuates the normal discount. Directors of the company, incidentally, consider the prejudice ill-founded, and are hoping for unification so that the trust can continue in business for shareholders who agree.

### Hidden figures

Plessey this week gave an indication of how companies with a large slice of business overseas can come to terms with a strong pound. The statement accompanying its third quarter results this week pointed out that profits of £32.2m. for the nine-month period to December 31 were 15 per cent. ahead on the comparable period. Currency adjustments were listed as a separate item "for ease of comparison" in the figures. But the currency adjustment — a minus figure of £816,000 for the three months to December, and £809,000 for the nine months — is significant and should be taken into account. So pre-tax profits for the nine months come out at £31.4m. — a fifth of the stated improvement now lopped off. The professional analysts can cope with the presentation but can the lay investor?

### Continental blues

Last week Murray Johnstone, which runs one of Scotland's biggest stables of investment trusts, gave tangible form to its conviction that the day of the specialist investment trust is over. For directors of one of Murray Johnstone's trusts — Scottish and Continental — announced to the world that they were seeking some way of bringing the share price more into line with the value of the underlying assets; and that if they failed to find it, they would ask for liquidation.

TOP PERFORMING SECTORS IN FOUR WEEKS FROM JAN. 5				
	% Change			
Metals and Metal Forming	+ 0.1			
Toys and Games	+ 0.7			
Tobacco	+ 1.0			
Mining Finance	+ 1.1			
Textiles	+ 1.4			
Mechanical Engineering	+ 3.6			
THE WORST PERFORMERS				
All-Share Index	- 7.3			
Insurance Brokers	- 9.2			
Discount Houses	- 9.9			
Stores	- 10.2			
Banks	- 11.4			
Insurance (Composite)	- 12.2			
Food Retailing	- 15.6			

### MARKET HIGHLIGHTS OF THE WEEK

	Price	Change	1977/8	1977/8
	Y'day	Week	High	Low
Ind. Ord. Index	458.7	-18.8	549.2	357.4
Exch. 104pc 1975 (£30 pd.)	£26	-2	£30	£26
Assoc. Fisheries	54	-11	71	35
Assoc. P. Cement	235	-20	294	123
Beecham	618	-32	693	372
Centreway	194	+13	194	54
Cons. Gold Fields	184	-17	224	137
Durban Deep	363	-24	365	129
GEC	251	-17	284	163
Glaxo	555	-40	667	401
Harcros Inv.	81	-11	93	37
Hillards	176	-34	300	89
Kwik Save	173	-22	267	123
MEPC	119	-10	136	42
Peko-Wallend	440	+35	555	345
Reed Int.	123	-12	233	118
Royal Insurance	375	-25	490	280
Scott. & Continental Inv.	601	+161	631	351
Sun Alliance	524	-27	662	370
Young Austen & Young	85	-18	90	30

### U.K. INDICES

Average	Feb.	Jan.	Jan.
week to	3	27	20
Govt. Secs.	75.61	76.60	77.16
Fixed interest	79.14	80.59	80.80
Index. Ord.	464.52	481.3	479.9
Gold Mines	152.8	156.4	145.1
Dealings mld.	4,028	5,787	5,410

### FINANCIAL TIMES

	203.12	210.95	208.85
Capital Gds.			
Consumer (Durable)	184.04	192.37	191.33
Cons. (Non-Durable)	191.84	199.19	198.30
Ind. Group	199.06	206.48	205.03
500-Share	219.18	226.98	226.02
Financial Gd.	162.94	172.36	173.32
All-Share	203.09	211.08	210.46
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### TV ratings, week ended January 29

U.K. TOP 10: Viewers (m.)	1	2	3	4	5	6	7	8	9	10
1. Coronation St. (BBC)	18.5									
2. Coronation St. (BBC)	17.5									
3. Coronation St. (BBC)	17.5									
4. Coronation St. (BBC)	17.5									
5. Coronation St. (BBC)	17.5									
6. Coronation St. (BBC)	17.5									
7. Coronation St. (BBC)	17.5									
8. Coronation St. (BBC)	17.5									
9. Coronation St. (BBC)	17.5									
10. Coronation St. (BBC)	17.5									

### U.S. TOP TEN (Million Rating)

U.S. TOP TEN (Million Rating)	1	2	3	4	5	6	7	8	9	10
1. Happy Days (ABC)	22.5									
2. Love and Shirley (ABC)	22.4									
3. Charlie's Angels (ABC)	21.1									
4. Love Boat (ABC)	21.1									
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### U.S. TOP TEN (Million Rating)

U.S. TOP TEN (Million Rating)	1
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## Finance and the family

## Settlement and school fees

BY OUR LEGAL STAFF

My wife's father created a settlement in 1967 in favour of our three children. After a few years, payments began to be made by the trustees directly to the schools at which they were pupils. Do these payments count as income for the children and do they affect the children's allowance which I am allowed in my own income tax? My company's tax department thought not.

It is not possible to be certain of the position on the basis of the bare facts given, but we wonder whether your company's tax staff took into account the dicta in *Mapp v Oram* (145TC972). It may be that you consulted them before publication of the full report of the judgment in the House of Lords, overturning the decision of the Court of Appeal—which itself reversed the decision of the High Court, affirming the decision of the Commissioners (against the Inland Revenue). In relation to payments made after April 5, 1973, section 17(1) of the Finance Act 1973 must be taken into account, but you do not say whether this section applied.

Briefly, therefore, our answer to your question is almost certainly yes.

## Licensee as a tenant

I let my furnished house to a firm for the use of one of their directors. When he left the company, the lease terms came to an end but he asked me if he could stay on, pending a licence to occupy it for a period for a fee whereby I hoped to prevent the creation of a protected tenancy.

Before this document could be signed, he went on holiday and on his return refused to sign unless I substituted the words "let" for "licence" and "rent" for "fee". I have accepted the fee. Do you think a protected tenancy has been created? What do you advise me to do?

It is certainly arguable that you have created an oral tenancy, but you will need to counter that argument by saying that the occupiers were allowed to remain in occupation on terms which constituted a

licence only and the very fact that they are now seeking to vary the wording of the licence agreement shows that they did not intend that a licence only would be granted. You must now terminate the licence by reasonable notice—that is, not less than one month—and reclaim possession. You should refuse any payment offered in respect of any period beyond the date of expiry of your notice. You can then seek to recover possession in the County Court, bearing in mind the risk that you would fall if it be held that there is a true tenancy.

## Landlord of a tenant

I own a vacant shop property and before letting it for three years to a prospective tenant, would like to create an interest in it for my son. He might be ready to start a business in it three years time and I would like to make him landlord for the purpose of the Landlord and Tenant Act 1954 so as to enable him to oppose a renewal of the lease, but without conveying the freehold. Have you any suggestions?

You might consider granting the lease for three years and then granting an overriding lease to your son, thus making him the landlord of the tenant. If the overriding lease is at least 15 months longer than the lease to the occupying tenant your son will be the competent landlord.

## Preference dividends

I have some 51 per cent. Preference shares on which, prior to 1974, half-yearly gross dividend of 23 per cent was paid. Since 1974 the net dividend is the same every half year, no matter what the tax, so that the net plus tax dividend is not necessarily equal to 23 per cent. Can you tell me the reason for this?

The law was changed by paragraph 18(1) of schedule 23 to the Finance Act 1972, with effect from April 6, 1973. From that day onwards, it was intended that Preference divi-

dends would be unchanged (in actual cash receivable by the shareholder) from year to year, regardless of changes in the rates of income-tax and tax credit. Instead of 51 per cent, less tax, therefore, you became entitled to 3.85 per cent. (with-out deduction of income-tax but with the benefit of an imputed credit). For 1973-74 you noticed no difference, because 3.85 per cent, plus 3/7ths tax credit equals 51 per cent, but the change became apparent when the rates of tax credit for subsequent years fluctuated between 33/67ths, 7/19ths and (currently) 17/33rds.

We said above that "it was intended . . ." because in fact, during the passage of the 1975 Finance (No. 2) Bill, the High Court held that the wording in the 1972 Act did not produce the result which had been intended by the Government in 1972. No amendment was inserted into the 1975 Bill, but the original 1972 intention was ultimately put into effect retrospectively by section 46 of the Finance Act, 1976.

## Liability for gate damage

My car was in a school car park where it was on legitimate business and as a result of a gate closing at the time, it was damaged by the branch of a tree which fell on it. The school bus has disavowed responsibility, saying that the school's insurance policy does not cover damage to cars parked in the school grounds. Have I a case against the school, because no sign appeared that vehicles were parked at their owners risk, or on the ground that the insurance policy should have included damage to cars?

The school will not be liable for the damage done by the falling branch unless there was some negligence on their part in allowing the branch to become dangerous. If the tree was dead, or the branch was obviously rotten, and the school failed to do anything about it, you may have a claim against them. Otherwise a court would probably find in favour of the school.

The absence of warning signs is irrelevant unless the school knew that there was something

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

wrong with the tree against which visitors should be warned. The school's failure to write the risk into the policy is also irrelevant, there being no duty in law for them to do so.

## A car 'on the road'

A car salesman handed my wife a brochure of the (new) car she was inquiring about. He wrote on it "On the road, £4,300" and added his signature. When the detailed bill was made out the road fund licence of £50 was added. She has paid the bill under protest. What do you advise?

We think that your wife has a strong case for claiming the £50 road tax from the seller of the car. The issue turns on the construction of "on the road," and it cannot be predicted with certainty what a court might decide was meant by those words in the particular context. However it is difficult to see what was the purpose of the statement "on the road" if it did not mean ready to drive on the public highway—it must be assumed that a car salesman sells a new car as being fit to be driven—and the phrase "on the road" must go beyond describing the condition of the car. Your wife may wish to consider making a claim in the County Court under the "small claims" procedure.

## Dividing line between semis

Can you please confirm my belief that the down pipe running between two "semis" represents the dividing line?

There is no such rule as you describe. The dividing line would normally be the centre of the party wall, but the boundary in front of the house is not necessarily a projection of that centre line. In the absence of other indications and if the conveyancing documents show a straight boundary between the two properties, a projection forwards of the centre wall dividing line is likely to be accepted by the Court as the true boundary. We should emphasise that each property has to be considered on its own particular facts in the light of its building and conveyancing history.

## Insurance

AGE IS one of the factors insurers have to take into account in deciding whether to offer cover and if so, what premium to charge, what conditions and exclusions to apply. For example the age of the proposer is a factor very important to motor insurers—is he or she young, say under 21 or under 25, or old, over 70?

But probably age is of the greatest importance to the life assurance company, first in fixing its tables of rates for the various kinds of policies it sells, and secondly in assessing each individual proposal, when age is to be considered in relation to the proposer's physical condition and the amount of cover he wants to buy. With most insurers, the older the proposer, the lower their non-medical acceptance limits, perhaps also the lower the maximum sum assured they are prepared to arrange.

By the way, when insurers speak of non-medical acceptance limits they do not mean that they do not want information about the proposer's health—he will still have to answer questions about his age and health on the proposal form, but if insurers find those answers satisfactory then he does not have to submit to medical examination; on the other hand if the proposer discloses a history of heart or respiratory complaints, then he may well have to undergo medical examination, even though his proposed sum

## Age and health

BY JOHN PHILIP

assured is well within insurers' non-medical limit.

It is probably true to say that many people, as they get older, are reluctant to seek life assurance, perhaps because they fear that insurers will rate them up for their known health defects, perhaps because they are afraid that medical examination will discover some adverse and as yet unknown feature. What ever the reason, for anyone over age 50 but not age 72, and hesitant about stepping forward to buy, the advertisements recently placed in several national newspapers by Life Assurance Services might well have appeared attractive, since they declared "whatever your state of health you can take out a secure life assurance policy today—no medical—no health questions."

Such completely non-medical life assurance is not new, though this particular method of marketing is, at least in this country. What the advertisers do not say, but what should be made abundantly clear to any would-be purchaser, is that such cover must inevitably be expensive, because of insurers' inability to select which proposers they will insure.

These particular advertisements encourage the proposer to make a monthly payment of

£3.05, £7.45, or £10.95. The choice of the amount of monthly payment coupled with the proposer's age determines the amount of life cover the proposer actually gets. Take £10.95 a month, £131.40 a year, which premium is in fact payable not for a limited period but throughout the proposer's life. The man who is 51 next birthday obtains £3,000 worth of life assurance and an extra £3,600 worth of cover for death by accident as distinct from death by natural causes.

But if he goes into the market he will find a number of offices ready to provide £3,000 worth of life assurance, against premiums payable throughout life, for between £70 and £75 a year, provided he is fit enough to pass insurers' medical examination. So at age 50 this scheme's loading for the elimination of medical evidence is over 80 per cent—far in excess of the premium loadings most offices will apply for all but the most serious of health defects.

Most people view the possible financial consequences of retirement with apprehension, particularly if they are not among the privileged few with indexed pensions; but even those fortunate most probably will not want to contemplate the

purchase of life assurance when premiums have to be paid continuously after retirement. The sensible thing to do if one wants whole of life assurance is to buy this with premium payable for only a limited period: preferably premium should not be payable after retirement, but it may be necessary to arrange for the premium paying period to extend in retirement to satisfy statutory 10-year quality policy rules so as to get benefit of income tax relief premiums. But here again a fit 50-year-old can go out in the market and get £3,000-worth of whole life cover with premium payments limited to 10 years, for less than £131.40 premium than Life Assurance Services want: the less fit 50-year-old will depend on his particular circumstances and the individual offices take it.

Term or temporary assurance is the cheapest way of buying life cover at any age; many because insurers pay only if the life assured dies within a period of insurance. Age looking at our fit 50-year-old a 20-year term assurance of £3,000 will cost less than £1 a year and moreover on his assurance the adverse health loading may be in percentage terms much less than for similar whole of life insurance, particularly if insurers reckon that the particular health defect will affect longevity only outside the proposer's chosen term.

## Education

## Death of dinosaur

ASKED to define a camel, few readers would hesitate before answering "a hump-backed animal." All would doubtless be stumped for an answer, however, if asked for a parallel definition of the Schools Council set up in 1964 to supervise the development of curricula and examinations for schools in England and Wales.

The best reply, I suppose, might well be: "a watchdog designed by a committee of camels," although I suspect that it risks suggesting a considerably more efficient creature than the Schools Council has turned out to be.

In this questioning the council's attainments, I mean no disrespect to its 140 or so paid staff, especially those who have carried out careful research into the results of prevailing educational practices. These studies

have exposed some very threatening flaws. Schools council staff at least, for instance, know that the academic examination system operates so as to sift to the top youngsters predominantly from middle-class homes and with introverted personalities or, in rougher terms, potential identikit bureaucrats. Nevertheless, the staff might deserve some blame for their tendency to present such awful discoveries in statistical form far beyond the numerate understanding of most teachers, let alone the lay public.

Nor do I mean to belittle the many people not on the paid staff who have slaved and chattered in committees, doing their best to put some of the nonsense right. An example is those who have tried to work out ways of adjusting the General Certificate of Education system of examinations so that it no longer strongly encourages children to follow lines of study which lead them effectively to learn less and less about more and more. Nevertheless again, the committees might deserve some blame for often confining their membership to people who have spent all of their lives in education.

The main blockage has been the ridiculously unwieldy governing body which, before

exercising its power to recommend educational developments to the Secretary for Education and Science, has first to agree on what the developments should be.

This governing council at present has 77 designated members, and a detailed list of who precisely appoints them would fall into the rare category of things which are at the same time unpleasant and uninteresting. Suffice it to say, however, that its ability to recognise the changing needs of society can hardly be great when the lay representation on the governing body effectively amounts to one member each from the Confederation of British Industry, the Trades Union Congress, and the network of parent-teacher associations. By contrast, 36 seats are held by the various educational unions.

In the circumstances, what the governing body has been able to recommend has been determined, not by the needs of the customer, but by the need to engineer majority support among the plethora of vested interests represented. I doubt whether even a genius could deliberately design a better process for producing dogs' breakfasts.

So the same body's decision this week to give up its govern-

ing power and turn itself into mere 56-member consultative body may well be the most positive thing it could ever have accomplished. But although the GL and the TUC will have two seats each in this smaller "talk shop," I doubt whether the Schools Council's new structure—to be approved finally in March—will do anything to make the council more sensitive to the needs of the outside world.

The power will effectively pass to a finance and priorities committee with 13 members appointed by schoolteacher unions, and two sets of eight appointed respectively by the local education authority associations, and by the Department of Education and Science. From hibernation, control of the bureaucracy.

Sir Alex Smith, the council's chairman, has defended the transfer of major control to a combination of local and central government officials on the grounds that they provide the money for education. But they don't. They merely distribute it. The money is earned by wealth-creating industry and collected from the taxpayers who in future will be deprived of even the token power they had before.

MICHAEL DIXON

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## Chess

SINCE FISCHER abandoned chess, the annual award for the chess Oscar has gone each year to Karpov by overwhelming margins. The Oscar is decided by the votes of international chess journalists, members of the Association Internationale Presse Echiquienne, and this year is expected to involve over 100 writers from some 40 countries.

Only results in competitions finished between January 1 and December 1977 are allowable, and the emphasis is on major tournaments and matches. The counting for the Oscar takes place in Barcelona on Tuesday evening. The Oscar vote is the nearest chess gets to an annual world championship and its prestige is heightened by the fact that each year the trophy has gone to a single outstanding winner. The roll of honour reads 1967-68 Larsen, 1968-69 Spassky, 1970-71 Fischer, 1972-73 Karpov. Two questions dominate this year's vote. How will the journalists assess the comparative merit of Karpov's tournament triumphs at Bad Lauterberg, Las Palmas, Tilburg, Moscow and in the BBC Master Game against Korchnoi's match victories? Chi Ching-Hsueh, the first player clearly of master strength from China, set a trap as Black (to move). When his opponent fell for it, Black secured an ultimately winning advantage. How did the game continue?

influenced by the British grandmaster's magnificent fight against Karpov in the Master Game final, where he lost only in a blitz finish after two hard draws? The final was not screened until January, 1978, but was played within the Oscar qualifying period. For the benefit of any floating voters, in Barcelona, this week's game is one of the draws in the BBC Master Game final.

White mates in three moves at latest, against any defence (by F. Cleoid). Many declare this unsolvable on an earlier publication; for practical purposes there is only a single line of play, but to find it is a stiff test of chess imagination.

White mates in three moves at latest, against any defence (by F. Cleoid). Many declare this unsolvable on an earlier publication; for practical purposes there is only a single line of play, but to find it is a stiff test of chess imagination.

Black: Anatoly Karpov (USSR) Opening: English (BBC Master Game 1977-8).

1 P-QB4, N-KB3; 2 N-QB3 P-K3; 3 P-K4, P-QB4; 4 P-Q4 N-K1; 5 N-B3, N-QB3; 6 P-Q4 P-K3, P-QB3 (P-QN3; 10 P-K3, N-B3; 11 P-KB5, Miles-Fleisch Biel 1977, is good for White); 12 N-Q6 ch, BxN; 13 QxN, N-K2; 14 B-N6, N-B4; 15 BxQ, N-Q6; 16 B-B7, K-K2; 17 P-P3, B-B4; 18 B-N6, P-Q3; 19 P-P2 ch, NxP; 20 Q-Q3, B-B7 (by the time of the Tilburg tournament in September this game was known on the grandmaster circuit and Miles Hubner continued 18... N4-B5 19 BxN, NxB; 20 B-B5 ch K-B7 when Black is out of trouble and still has his extra pawn); 21 P-B6, N-B2; 22 N-K3, Q-RB1; 23 K-N1, R-B3 (Karpov is caught in a prepared line, and is half an hour down on the clock in a 30 moves per hour game-but defends coolly); 24 B-K2, P-K4; 25 B-R3, B-B4; 26 B-R3, Q-Q1; 27 N-N6, BxN ch; 28 P-B3, P-KN4; 29 P-BN4, B-Q2; 30 Q-R5, P-N3; 31 B-N4, P-QR4; 32 B-R3, R-Q1; 33 R1-Q3, R-Q2 (mutual impasse; Black can only shuffle his rook, White cannot take advantage of the knight pin); 34 P-R3, R-Q1; 35 K-R4, R-Q2; 36 R-Q1, R-Q1; 37 K-R2, R-Q2; 38 K-N1, R-Q1; 39 P-N4, PxP; 40 ExP, R-Q2; 41 P-QB3, R-Q1; 42 K-R2, R-Q2; 43 K-N3, R-Q1; 44 R-Q1, R-Q2; drawn.

LEONARD BARDEN

## Bridge

I WAS declarer in two most interesting spade contracts in recent sessions of rubber bridge. Sitting South, I dealt this hand at game all:

N. ♠ K Q ♣ A 9 6 4 ♢ Q 5 ♠ Q 10 9 6 2 W. ♠ 8 4 2 ♣ ♢ J ♠ Q 8 7 5 3 2 ♢ J ♠ J 8 4 ♣ A K 10 9 6 2 ♢ 4 ♠ A K 8 7 3 S. ♠ A J 10 9 7 5 3 ♣ K 10 ♢ 7 3 ♠ J 5

I opened the bidding with one spade—don't turn up your nose at this nine-point opening—my partner said two clubs, and East bid a modest two diamonds, which is hardly the best course of action. I rebid two spades—yes, I did—North raised

correctly to four spades, East doubled, and all passed.

West led the diamond Knave, and East cashed Ace and King, switching to the club King. On this I dropped the Knave, and East, taking this for a true card, now led the Knave of hearts. East, as I well know, is not a glibful player, so I placed West with the Queen. This meant that I could win with the King, run the ten, and then discard my club loser on the Ace. But owing to the heart block and the lack of any side-suit entry to the table, I could not first draw trumps. At trick five I ran the heart ten, East ruffed, and now I went two down.

Unlucky? No, badly played. I preach safety plays from the house-tops, and here I was, failing to take out an insurance policy. I could have afforded one round of trumps by playing my Ace, and that would have been enough to save the contract and the rubber. The opponents, need I say, went out on the next hand. Who would have thought that East would hold two singletons?

And echo answered, "Ugh!" The second hand was much more complicated:

N. ♠ 8 6 5 2 ♣ A 5 ♢ 7 4 ♠ A K Q 9 8 W. ♠ 10 ♣ J 10 9 4 2 ♢ K 10 5 3 ♠ J 10 3 S. ♠ A Q 9 4 ♣ Q 7 3 ♢ A J 6 ♠ 7 5 2

At a jove score North, my partner, dealt and bid one club, I replied with one spade, and went four spades after a single raise from the opener. West led the Knave of hearts, and I had plenty of homework to do. It looks right to play low from dummy to make sure of establishing the Queen, but there is a serious objection to this. Inevitably a diamond will be fired back, and in order to be sure of discarding dummy's

remaining diamond, I should have to cash the heart Ace and cross to hand with a trump to the Ace, and this surrender of trump control was not what I wanted.

It seemed better to win the opening lead in dummy and return the low heart. East won with the King—so far, so good—and, as expected the two of diamonds was returned, the Ace won, and dummy's diamond was thrown on the heart Queen. At this point the right play in case there are four trumps with East, is the spade four. West won with the ten, and returned a club to dummy's Ace, which was unimagined. He should have led a diamond, which makes things far more difficult, though the contract can still be made. As it was, a trump was led from the table, and the nine, finessed in hand. When this held the trick, it was all over. Dummy was re-entered with a diamond ruff, a trump return picked up East's two remaining trumps, and 11 tricks were made.

E. P. C. COTTER











# How to spend it

# by Christine Burton

## ALL HUNG UP

IT WAS one of the stated aims of Lyndon Baines Johnson to raise the American standard of living so that every family could have a picture on the wall. Let us hope that anyone reading this page has already reached this happy position and concentrate on where to buy, and how to frame, said picture.

Supposing this picture is an Old Master in a tatty frame, a good thing to do would be to go to see Paul Levi of Upbrook Studios, London, W.2. Mr. Levi is a craftsman who believes that many paintings are encased in frames which simply do not do them justice—and he points this out sometimes to those directors of galleries and museums among his customers. Occasionally a recommendation takes effect and a commission to reframe a masterpiece is the result.

For instance, one of our national galleries had two magnificent Titians whose cheap and nasty frames were no match for the paintings. For one thing they were only 3 inches wide whereas they should have been at least 8 inches.

Eventually money was found to reframe them—it had taken five years for the gallery to raise enough money, despite Government spending cuts, to justify expenditure on pictures which are in any case only on loan.

Of work at present being completed at the studios, one important commission is for work on panel paintings by Hugo van der Goes, owned by the Queen and on loan to the same gallery. Dated 1480, the pictures form the double-sided wings of an altar piece which the Ministry of Works had put into glass boxes in the 1930s. The two sides should have been far apart—as they would have appeared had they been on an altar—but the previous framing had juxtaposed them so that figures which should have been facing were in fact looking away from each other.

The sets of paintings are now being mounted in perspex frames which cannot be detected on the stand, and connected to metal poles which swivel to enable all the sides to be seen. The final framed version—with a length of wall in between—will be mounted on a black basalt stone table and the gallery staff is working on getting the lighting just right.

Built into the panel is a mechanism which is triggered by any change in humidity. The perspex box will act as a buffer to the changes which invariably take place in the atmosphere of any building.

All the work for this mammoth task—right down to the special metal pins—was carried out by the ten people in Mr. Levi's workshop in London while the actual works of art stayed at the gallery. Unfortunately,

it proved impossible to restore the paintings at the same time!

Another commission some while back was to frame the paintings for Elizabeth Taylor's yacht, *Kalima*. Among others, there was a Van Gogh and a Picasso in the dining room and a large Monet in the drawing room. Because of the excessive humidity caused by the yacht sailing in the Mediterranean, great care had to be taken to avoid condensation. When the ship went through turbulent waters it was imperative that the pictures were not shaken or knocked off the walls. However, they had to be easily dismantled because whenever *Kalima* came into port, or when Elizabeth Taylor was in residence elsewhere, then the paintings were freighted to be with her, or were put into safe keeping.

For this particular job perspex which had been treated with an ultra-violet filter to protect the paper in differing light conditions was used. In fact, perspex is used more than glass, but there is still a need for someone to make a low-reflecting, ultra-violet absorbing, perspex. The low-reflecting glass is specially imported from Germany.

Very often Mr. Levi recommends that his customers on a budget should cut down on the frame, and spend more on the glass. He will also give an opinion as to whether a painting should be refixed (that is, backed by a new canvas) and restored. This is especially the case with North European 17th-century pictures.

It is the generally accepted view that a painting should be framed in the way it would have been at the time it was painted. Mr. Levi does not therefore make "fakes"—which he defines as something made with the intention to deceive—but "copies" which are made so that they do not worry an expert of the period.

The wood used for Old Masters is very often walnut, oak or lime, but a frame made recently at the studios for a modern (1978) painting was from boxwood and ebony. (This cost about £100.)

Although in the workshops you can buy a frame from ready-made moulding for as little as £8 or £9, a specially commissioned carved and gilt frame could well be £600 to £700.

Paul Levi would be delighted to visit a customer and see his projected task in situ, so that he can take its surroundings into account when making his recommendations.

If you have an Old Master, or even a David Hockney, about which you would like some advice, you would be sure of a welcome at the workshop. Upbrook Studios, 20, Brook Mews North, London, W.2, is open from 8 a.m. to 5.30 p.m., Monday to Saturday. It is probably better, however, to make an appointment by ringing 01-723 1948.



Anita Page by Frank Martin—limited edition of 50 etchings from Casa Pupo Art Gallery. Print alone costs £15.40.



This etching and aquatint was issued by Christies in conjunction with the National Trust in an edition of 250. Lavenham Guildhall by Valerie Thornton, at £35, has in fact sold out but is reproduced as an example of her work and that of Christies Contemporary Art.

his work. Of course, they quite often agree that some things would sell, but they are not up to the standard on which they have built their reputation. In any one week, an average of three artists will come in on spec hoping that their work will meet with approval. It can happen that someone's work will be bought immediately and he will be asked to go away and prepare 150 prints. But more often, new artists are found through personal recommendation from other artists and art school teachers. Sometimes artists are asked to return with a further selection—and this process has been known to go on for three years until the artist's work is in tune with the partners' thinking.

When they decide to include an edition in the mail order catalogue they can always gauge how popular it is going to be. For instance a print issued last year of two eggs in egg-cups has so far sold slowly but they know that it will have sold out in a year. On the other hand they know that some prints will be so sought after that they will sell out within three weeks of the catalogue appearing. Sometimes they will even buy back along to the gallery and browse.

At a later date prints which were originally bought from them. About 35 per cent. of sales are by individuals, but the majority goes to art galleries scattered around the world. Apart from the mail order service, the gallery at 8 Dover Street, London, W.1, always has a large selection of one-offs. In fact there are usually many originals by Henry Moore in the gallery although they have published only two editions. It is impossible to name all their artists but Glynn Thomas is one whose unusual style has proved popular. He paints landscapes but he produces them "in the round", he sees the view from behind and above at the same time. Among the more conventional landscape artists are Kathleen Caddick, Phil Greenwood and Chris Penny; Graham Clarke produces amazingly cluttered and intricate works which are nevertheless effective.

If you think you may well make a purchase and would like to be included on their mailing list, write to Christies Contemporary Art, 8 Dover Street, London W.1. Better still, go times they will even buy back along to the gallery and browse.

Christie's Contemporary Art is run by Myles Cooke and David Case. Though trained as a chartered accountant and a chemist, respectively, they had worked together and were both interested in collecting prints. Five years ago they got together with Christie's, which owns just over 50 per cent. of the shares, to get the company off the ground. The first three years were quite a struggle, but now success is assured and a good 50 per cent. of their sales are exported, mostly to the States and to the growing market of the Middle East.

They publish limited editions, usually of 100 or 150, of lithographs, mezzotints, etchings and aquatints. Myles Cooke and David Case say that popular opinion has swung away from the hard-line abstracts of the early 1960s and moved more towards figurative work. A large proportion of their prints have always been landscapes, and these remain popular, but in a recent survey conducted among their customers, people, wildlife, seascapes and still life were also asked for.

When the venture started Myles Cooke and David Case made a pact that they would only buy from an artist if they were both in agreement about it. They publish limited editions, usually of 100 or 150, of lithographs, mezzotints, etchings and aquatints. Myles Cooke and David Case say that popular opinion has swung away from the hard-line abstracts of the early 1960s and moved more towards figurative work. A large proportion of their prints have always been landscapes, and these remain popular, but in a recent survey conducted among their customers, people, wildlife, seascapes and still life were also asked for.

A soon to be issued edition of 200 lithographs by George Guest entitled "White boat". The sky and the water is very pale (blue and grey) and the land is very dark in contrast. £40, Christie's Contemporary Art.

AS FAR as I am concerned, the only reason for buying a print is that you like it—the possibility of it being an investment should not really rear its ugly head. But if anything should increase in value it is more likely to be an original one-off painting—and sometimes these can be picked up quite cheaply. Even in my heavy state each morning, I still appreciate the large and beautiful watercolours hanging opposite my bed, which I bought for £15 at an exhibition of the work of local artists at my local town hall.

A gallery where you can see a large selection of prints and a small selection of original watercolours or oils is the Casa Pupo Art Gallery. Opened only four months ago, it is to be found on the first floor of the Casa Pupo shop at 56 Piccadilly Road, London, S.W.1. Most of their editions run to 75 or 100 fine art prints and the prices go from £30 for a framed print to about £100 for an original watercolour; £50 for 12 inches square. At the moment there is an exhibition of watercolours by Paul Brooks. He lives in Dorset, and depicts his flowers and wild life in his watercolours and pen and ink drawings. An exquisite site painting of a mouse with the Christie's prints are on sale for £15 each. The framed size of 10 inches by 14 inches cost £29 but this one has been sold.

Go along to the gallery—if you like the work of the artists mentioned above you are almost bound to find something to buy. Frank Martin draws Holly-

wood stars from the twenties (one is illustrated above) and his work is very popular with oil sketches—reasonable at £27 a framed print to about £100 for an original watercolour; £50 for 12 inches square. At the moment there is an exhibition of watercolours by Paul Brooks. He lives in Dorset, and depicts his flowers and wild life in his watercolours and pen and ink drawings. An exquisite site painting of a mouse with the Christie's prints are on sale for £15 each. The framed size of 10 inches by 14 inches cost £29 but this one has been sold.

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AN EXHIBITION to be held at the Crafts Advisory Committee, 12, Waterloo Place, London, S.W.1, from February 8 to April 1, is entitled "The pastel shades of blue, brown, yellow, red, green, and grey." This effect is created by using Howard Raybould's work. In his colours dissolved in methy-

propylamine and for an architectural wood-carving firm and with water. The colour is applied then set up his own workshop. The CAC discovered him making rocking horses but invited him to concentrate on his mirror frames for this exhibition.

The results are well worth a visit. Howard Raybould considers that a mirror's frame reflects the fashion of its time—the vast gilt frames of Versailles, the intricate carving of Brindley Gibbons—so his beautifully carved and composed pieces echo the slightly pop feeling of to-day's craft revival. This frame, carved from Quebec pine, shows two trees with their branches entwined, and graffiti carved on their trunks. It measures 3ft. 5ins. x 2ft. 9ins. (104cm x 84cm), and costs £320. There is a smaller one at £70. Like many in the show, it is coloured in the "pastel shades of blue, brown, yellow, red, green, and grey."

Other exhibits include a bathroom mirror framed by the carved opening, flaps of a circus big top with a little drawer underneath; and a mirror set into a carved wooden rug, with tasselled fringe at each end. Many of the frames are for sale, or repeat orders may be taken. Prices start at £40, including the mirrors, of course.

IF YOU live in the Oxford area, you may like to be reminded of the Oxford Gallery at 23 High Street, Oxford. There is always a large collection of contemporary prints, but in addition there is a monthly exhibition of a lot of paintings and sculpture. The current exhibition is called "Michael Chase's Choices"—a gathering together of oils, landscapes, collages, charcoal drawings and etchings, all selected by one man.

Apart from framing, which most galleries offer, the gallery will also arrange for oils to be restored, and for glass and slate to be engraved. There is a portfolio of artists who will paint portraits customers can select the artist most likely to produce what they want.

If you are about to change your decorations, or you are not sure how long you could live with a particular print, you will be pleased to know that the gallery operates a print loan service and will supply details. As well as selling interesting things like the materials needed for brass rubbing, the gallery also has a good selection of jewellery, ceramics and glass. Among the jewellers exhibiting at the moment are Wendy Rainshaw, Jacqueline Mina and Catherine Honey, and the gallery is happy to take commissions for jewellery.

It is open 8.30 to 5, Monday to Saturday.

At the moment a 31 inch x 41 inch photograph of one person costs £2.95 and a couple, £3.95. I feel that this is rather a small size to frame if you wanted to try to put your friends that these people are actually your ancestors, but Studio 1900 tells me that by mid-February larger sizes (8 inches x 10 inches or 11 inches x 14 inches) will be available.

The sepia photograph is presented in a brown and gold portrait cover. Studio 1900 is at the London Experience, Coventry Street, near Victoria Station, London, W.1, and at 110 Bromley Road, London, S.W.3.

Another studio is scheduled to open at 6 East Street, Brighton, in the middle of February.

Let us turn now from the ridiculous to the sublime. Early photography is a very fashionable subject at the moment and people such as William Henry Fox Talbot and Julia Margaret Cameron have become household words. Now on, until May 7 at the Victoria and Albert Museum is an exhibition entitled "Treasures of the Print Room featuring 'old to modern masters of photography.' Included among these are Roger Fenton, D. O. Hill, Robert Adamson and Julia Margaret Cameron.

Work by these last three is included in a collection of Victorian art photography by Sun Pictures. Sun Pictures has made authentically toned photographs from rare original prints, mounted them on a plain beige board and framed them in a simple gold-painted frame. They make interesting, attractive pictures.

A selection of Sun Pictures is available from Liberty's of Regent Street, London, W.1. The sizes vary and so do the prices: from £12 to about £35. Readers outside London may obtain a mail order brochure by writing to: Sun Pictures, 144, Marshwick Lane, St. Albans, Herts. (St. Albans 64504).

Entitled "Portrait of Isabel" this early 1860s photograph is attributed to O. G. Rejlander. There was much discussion in this office as to the species of the animal with Isabel—most plumped for a monkey. It is in fact a Pomeranian dog.

Modern-day Victorian gentlemen

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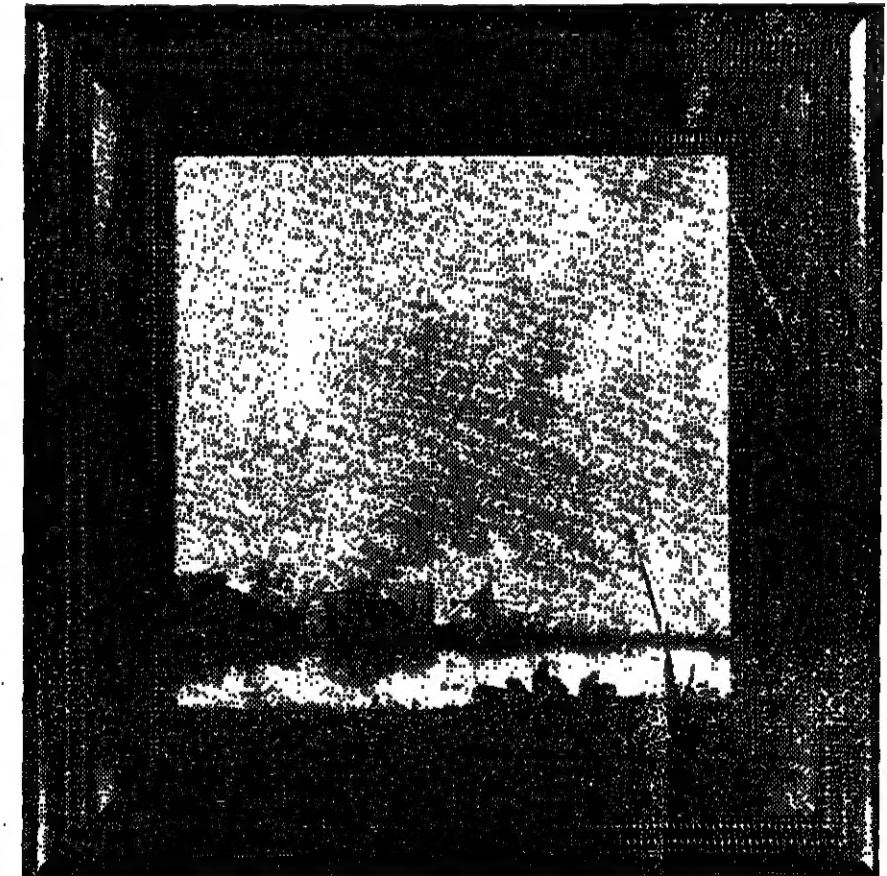
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A river landscape with a lime kiln and fishing boat by Jan van Goyen (dated 1646) which is for sale at Richard Green, Dover Street, London, W.1. It is mounted in a 31-inch-wide carved ebony frame made by Paul Levi.

## Cooking

### MEAT MEANS

MEAT MEANS beef to the men in my life, and home-produced beef is fine quality at this time of year. Regrettably, the price of roasting joints and grilling cuts of beef have gone up quite a bit recently—which rules them out for everyday eating. But, fortunately, the prices of braising

### and stewing cuts

are holding more steady—and, since warming and aromatic casseroles are ideal foods to stock up on during this spell of wintry weather, these cheaper cuts of beef seem star buys just now. It's important of course to buy from a reliable butcher who chooses and

### hangs his meat well; and, to any

one living in central London, I strongly recommend the newly opened J. and J. Dalli at 78 Brewer Street, Soho, London W.1—an excellent and reasonably priced butcher, conveniently situated in the most interesting food shopping area of London.

### CARBONNADÉ DE BOEUF

(serves 8)

I use a large but fairly shallow casserole for this so there is plenty of surface area for the mustard-coated slices of beef which are added towards the end of cooking time. 3 lb stewing steak, 24 tablespoons beef dripping, 3 large garlic cloves, 1 lb onions, 1 tablespoon sugar, 4 tablespoons flour, 1 pint Guinness, 3 tablespoons wine or tarragon vinegar, 2-3 fl oz good beef stock, salt, pepper, a sprig of putney and a good pinch of cloves, a French loaf and French mustard.

Cut the meat into 1½ inch cubes and brown all over in the dripping. Remove with a slotted spoon. Add the sugar, chopped onions and crushed garlic. When soft and brown, blend in the flour, pour on the liquids and bring to simmering point. Return the meat to the casserole, pushing it well down into the sauce, and add the seasonings. Cover tightly and cook at 300°F gas mark 2 for about 2½ hours.

Slice the bread, spread it thickly with mustard and use to cover the surface of the casserole, allowing the slices to soak up the sauce. Return to the oven, without a lid, for 15-20 minutes.

### POOR MAN'S STROGANOFF

(serves 6)

Using fillet steak and a sauté pan makes a quick but expensive stroganoff. This version, using a cheaper cut and slower cooking method, is just as good I think and replacing sour cream with yoghurt means it is not so fattening. Buttered noodles make an excellent accompaniment but the calorie conscious may prefer to opt for steamed spinach. 1½ lb. chuck steak, 1 lb. mushrooms, 1 lb. onions, 2 tablespoons clarified butter, 1½ tablespoons flour, 3 pint plain yoghurt, salt, freshly ground black pepper and chopped parsley.

Slice the mushrooms and sauté them in hot butter. Remove with a slotted spoon. Add the beef, cut into narrow strips, to the pan and brown all over. Remove, reduce heat and add a little extra butter if necessary. Add the thinly sliced onions, cover and sweat for about 10 minutes. Blend in the flour, pour on the yoghurt and bring to simmering point. Away from the heat, return the beef and mushrooms to the casserole, pushing them well down into the sauce. Season very generously indeed with salt and pepper, cover tightly and cook at 300°F gas mark 2 for 2½ hours. Stir in plenty of chopped parsley just before serving.



Three days aren't really necessary: you can marinate the meat in the morning, cook it in the evening and chill it overnight. Then scrape off surface fat and completely cook next day. A Le Creuset doufeu or daubiere is the tailor-made for this dish. If you don't have one, replace the lid with any heavy casserole with a neatly fitting soup plate filled with water (remember to replenish as it evaporates): it will encourage steam inside the pot to condense and drip back onto the meat.

3lb. rump, chuck or blade, 1 pig's trotter, 3 or 4 pieces of smoked streaky bacon, 1 large onion, 4 tomatoes, 1 orange, 2 garlic cloves, a bouquet garni, 23 tablespoons olive oil, 2 teaspoons sugar and a good seasoning of black pepper.

For the marinade: 6 fl. oz. red wine, 1 small onion, 4 cloves, 1 garlic clove, the grated zest of half an orange, a few black peppercorns, a bayleaf, sprig of thyme and a few parsley stalks.

For the Provençal sauce: 6 anchovy fillets, 1 tablespoon capers, 1 large garlic clove, 2 tablespoons chopped parsley, 1 tablespoon olive oil and a handful of black olives.

On the first day prepare the marinade. Peel and quarter the onion, stud it with cloves and place on a piece of butterflied meat. Add the sliced garlic and remaining marinade flavourings and tie up loosely. Put it into a bowl, add the beef cut into 1½ in. cubes, pour on the wine, cover and leave overnight in a cold larder.

## Bully for beef

### THREE-DAY DAUBE A LA PROVENCALE (serves 8-10)

Next day drain the beef, reserving the wine and discard the bag of flavourings. Thoroughly dry the beef, cut the bacon into large dice and chop the onion. Complete cooking next day. A Le Creuset doufeu or daubiere is the tailor-made for this dish. If you don't have one, replace the lid with any heavy casserole with a neatly fitting soup plate filled with water (remember to replenish as it evaporates): it will encourage steam inside the pot to condense and drip back onto the meat.

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On the third day, scrape off solid surface fat then reheat the daube slowly and gently. Meanwhile pound the anchovies and capers until smooth, then blend in the crushed garlic, parsley and olive oil. Stir the sauce into the daube together with the olives about half an hour before serving. Check for seasoning after 15 minutes, adding salt, or straining off and reducing the sauce to concentrate flavour a little if necessary.

PHILIPPA DAVENPORT

Lucia van der Post is on holiday











## OVERSEAS NEWS

## Carter intervenes to break deadlock in miners' strike

BY STEWART FLEMING

NEW YORK, Feb. 3.

UNDER INCREASING pressure to try and bring to an end the U.S. coal strike, President Carter today intervened in the dispute which is now the longest strike in the United Mine Workers 88-year history.

Labour Department officials confirmed that the Labour Secretary, Mr. Ray Marshall, called the union president, Arnold Miller, this morning asking him to request the White House to postpone a meeting of the union's bargaining council until Tuesday.

The bargaining council, comprising district union leaders and members of the union's international executive board had been called to Washington last night in anticipation that an agreement would be reached between the negotiating teams. It was hoped that this would provide the basis for ending the 60-day strike.

## Five-power group to recommend S. Africa troop cuts in Namibia

BY MICHAEL HOLMAN

LUSAKA, Feb. 3.

PROPOSALS to resolve the Namibian dispute, to be put forward by the five Western powers of the UN Security Council, call for the reduction of South Africa's estimated 12,000 to 20,000 troops to 1,500 and their restriction to one or two bases in northern Namibia, and for the regrouping into special camps of the guerrilla forces of the South West African People's Organisation (SWAPO), according to well-informed sources here.

This would be done before a four-month election campaign supervised by a UN force headed by a UN special representative.

The proposals are currently being discussed by the SWAPO executive meeting in Lusaka, prior to the so-called "proximity talks" in New York next week involving SWAPO, South African Government Ministers and the group of five Western countries.

It is thought that the proposals will be made public after the New York meeting. Although the Western powers anticipate that both parties will raise objections, sources here hope that Western pressure on South Africa and the influence of African states on SWAPO might lead to compromise.

The sequence of events, assuming agreement by the parties, would begin with the appointment of the UN representative, the dispatch of a UN contingency planning group to Namibia, followed by a cease-fire. The process of reducing the South African forces and putting SWAPO guerrillas into special camps would then begin, to be completed within three months.

A UN military force, probably 3,000 to 4,000 in strength (though this is not specified in the proposals), would monitor the cease-fire and prevent border infiltration—a measure in which the cooperation of the front line black states will be sought.

The election campaign would open in the thirteenth week and, one week after the results have been certified by the UN, would be followed by the withdrawal and closure of SWAPO bases. Under this timetable independence is envisaged by December 31, and the newly-elected assembly would work out the constitution.

Prior to campaigning, the administrator-general would repeal all discriminatory legislation. All Namibian political prisoners held by South Africa would be released, as would all Namibians detained elsewhere. But the proposals apparently allow for the possibility that some detainees "may not opt to return."

UN Secretary-General Kurt Waldheim will meet the Foreign Ministers of Britain, Canada, France, the U.S. and West Germany at the conclusion of their talks in New York on February 11 and on the future of Namibia (South West Africa), a UN spokesman said today.

President Carter said earlier this week that he had understood from talks with Mr. Begin and the Foreign Minister that Israel would authorize no new settlements in the occupied territories.

Mr. Moshe Dayan, the Foreign Minister, told the Knesset this week that he had informed President Carter that while peace negotiations were in progress, Israel would only build new settlements within the framework of army camps.

Some of the dozen Jewish settlements established on the West Bank in the past few months were located on sites that could be described as military camps only in the loosest sense of the term.

The most senior army officer in charge of Jewish settlements, Brig. Gen. Uri Baron, said this morning that "settlement is more important than peace negotiations."

The statement on the Prime Minister's behalf declared that neither he, the Foreign Minister, nor any other Government figure had told the U.S. administration that Israel would stop settlement programmes.

David Lennon reports from Tel Aviv: Israel never undertook to stop establishing Jewish settlements in the occupied territories, the Prime Minister's office announced today, in response to White House criticism of continued Jewish settlement on the West Bank and in Northern Sinai.

At the same time, a senior official was reprimanded for saying this morning that settlement was more important than peace negotiations.

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Another fresh arrival at today's session was George Habash, leader of the radical Popular Front for the Liberation of Palestine (PFLP).

At the Tripoli summit he said beside Mr. Arafat for the first time in public since a major policy dispute led him to set up a Palestinian rejection front several years ago.

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Bridget Bloom analyses the build-up of a potentially powerful new force in Rhodesia

## The growing army of Joshua Nkomo

THERE HAS, it is claimed, been such a rapid build-up in the black nationalist army owing allegiance to Mr. Joshua Nkomo, joint leader of the Rhodesian Patriotic Front, that it may now outnumber the Rhodesian regular forces.

High level sources in neighbouring countries—which admittedly may have reasons to encourage the belief in a large force of nationalists—claim that the ZAPU army of Mr. Nkomo, unlike that of ZANU, controlled by his Patriotic Front co-leader, Mr. Mugabe, is being trained as a regular force, though it is also said to contain guerrilla units.

The ZAPU army—known as Zifru or the Zimbabwe Revolutionary Army—is said to be at least 8,000 strong and to be growing. Information from Botswana, the main conduit for Nkomo supporters seeking military training, suggests that some 15,000 men have fled Rhodesia in the last year, many of them to join Zifru.

Well-placed sources in Zambia suggest that for the past year Cuban forces based in Angola have been responsible for much of Zifru's training. There are said to be several training camps just across the Zambian border in Angola.

Although Zambia does not permit Cuban forces to be based in Zambia, in a distinct change of policy President Kaunda now allows Cuban units to escort Zifru forces to their camps inside Zambia.

There is no suggestion that the new ZAPU army can yet match in either training or efficiency the Rhodesian regular forces, which, including conscripts, are listed by the Institute

of Strategic Studies in London at a total strength of 8,500. But there can be no doubt that the build-up, which appears both rapid and larger than had been thought, has very serious implications for the whole Rhodesia issue.

On the one hand, Mr. Joshua Nkomo's tough stand on both the Anglo-American proposals and the internal settlement talks can be more easily understood against the background of a large regular army which apparently has barely been deployed at yet.

Mr. Nkomo is reliably understood to have had only some 700 men under arms two years ago, when he was himself engaged in internal settlement talks with Mr. Ian Smith in Salisbury. Given his experience then, and his enlarged force now, a top level Zambian source described suggestions that Mr. Nkomo might agree to participate in the current talks in Salisbury, now or in the future, as "daydreaming."

Guarded secrets Both the precise size of Mr. Nkomo's force and, just as important, the use to which it will ultimately be put, are secrets closely guarded both by ZAPU and by its Zambian hosts.

One key and so far unanswered question is why Zifru appears not to be deployed at present. Sources close to ZAPU suggest that it is primarily the regular force which is not deployed. They claim that most of the guerrillas now fighting inside Rhodesia are in fact from ZAPU and not from Mr. Mugabe's ZANU army.

However, a military spokesman in Salisbury last month told me that the Rhodesian government estimates that there are 450 Zifru fighters inside the country, as against 2,500 from ZANU.

One suggested reason for the non-deployment is that Mr. Nkomo is building up an army which could ultimately form the peacetime army of an independent Zimbabwe. It is said that policemen are also being trained for this purpose.

Another suggestion, however, is that the army is being held back until it is fully trained. It would then launch what would effectively be a full-scale attack on Rhodesia. Such an attack, it is suggested, would be timed to coincide with a period of maximum weakness on the part of the Rhodesian forces, already stretched by the current guerrilla war.

Against the background of the present uneasy political relationship between the ZAPU and ZANU wings of the Patriotic Front, a more cynical suggestion is made, Mr. Nkomo, it is said, is holding his army back until Mr. Mugabe's less well trained forces have been fully stretched, on the grounds that ZAPU's greater military strength would then give it a decided political advantage in Rhodesia either before or after full independence.

Although the ZAPU military some time, evidence of its extent comes first from Botswana, which although officially neutral in the Rhodesian conflict has long been a sanctuary to Rhodesian refugees.

Recent statistics suggest that in the last year, 600 of the Zifru fighters have been based there, as well as 1,000 from Botswana to Zambia based there has also been Rhodesian

to mount attacks deep in Mozambique territory. So far, the Rhodesian force have left Zambia largely alone. It is argued, because both the Zambian army and Zifru would retaliate strongly against an Rhodesian attack.

If that were to happen, senior sources said, the war would be very quickly internationalised, which is something that both Zambia and Mozambique want to avoid.

Zambian sources recognise, however, that the presence of such a large Zifru army and very well have destabilising effects on Zambia itself, especially as it is admitted that the Zifru forces could very soon be bigger than Zambia's.

It is impossible to know how long it might take Zifru to prepare for a regular campaign. Suggestions in Lusaka that the major offensive might be planned for the end of the rainy season—grass cover is reaching its full height just now—received no confirmation.

An incident late last year during which the Rhodesian army apparently captured 12 soldiers from an unprotected Zifru forward camp, does not suggest either great readiness or efficiency. There were also accounts denied by ZAPU of division within the Zifru leadership.

However, Zambian sources say that the Zifru are preparing for the building of arms and ammunition supplies inside Rhodesia. This, together with Zifru military involvement with the Cubans, could just as well mean that the Rhodesian fighting in Rhodesia is but the lull before the storm.

## Doubt over Dr. Owen's remarks

By Martin Dickson

REMARKS BY Dr. David Owen, the Foreign Secretary, in the House of Commons this week have left a question mark over whether the British Government's attitude towards any "internal" Rhodesian settlement is beginning to shift. The Foreign Office appears unable to clarify the position.

In the House of Commons on Thursday, Mr. Jeremy Thorpe, Liberal MP, asked Dr. Owen to put it to Dr. Owen that "if we were faced with the brutal choice between those who wanted a solution through force and those who wanted a solution by peaceful means we would have no alternative but to side with the latter."

Dr. Owen replied that on this point he agreed. He added: "Although we should pursue peace up to the last moment, I envisage a situation in which we must consider recognising a government that has assumed power while there was still conflict. This is a reality."

China-EEC trade CHINA AND THE EEC TO-night initiated a framework trade agreement aimed at increasing trade over the next five years. The agreement, the first that the European Community has made with a state trading country, is expected to be formally signed in Brussels at the end of March, David Eucan writes from Brussels.

Roy Denman, EEC External Affairs director-general, who led the negotiations with the Chinese delegation headed by Mr. Sun Shuchang a top Chinese trade official, to-night underlined the political importance of the agreement with China, which was signed in 1973.

But he could not say what the political effect of to-night's accord would be on negotiations with the Communist countries, due to start sometime this spring.

The EEC has agreed to liberalise its import quotas on Chinese goods, and to give Peking most favoured nation treatment. This last means that China, not a member of GATT, will get the benefit of whatever tariff cuts the EEC agrees to in the current multilateral trade talks. In return, China has agreed to "give favourable consideration" to EEC imports.

Iran-India talks IRAN IS to make massive investments in a number of projects in India which will help to meet Iranian steel, alumina and foodgrain needs. Indian firms are also to be given contracts for rail and oil projects in Iran. The total value of investments will be known after further talks between officials of the two countries but it is certain to be many millions of dollars, K. R. Sharma writes from New Delhi.

Broad agreement on such bilateral co-operation was reached in talks between delegations led by the Shah of Iran, on a four-day visit here, and Prime Minister Morarji Desai.

The earliest work is expected to be on an alumina project, a paper mill and the development of a canal in the Rajasthan Desert, all of which will be financed by Iran. In Iran, Indian railways will take part in the electrification of the railway system. Co-operation is also envisaged in new sources of energy, including solar and nuclear power.

But progress on the Shah of Iran's proposal for a common market has apparently not been made. An official spokesman said the concept was not discussed as such

## W. GERMANY'S NEW DEFENCE MINISTER

## Stepping stone to the right job for Herr Apel

BY JONATHAN CARR

CHANCELLOR Helmut Schmidt's cabinet reshuffle, announced today, brings to the Defence Ministry a man who once said he would never take the job and to the Finance Ministry one who hardly expected the post to come his way.

Herr Hans Apel, who leaves the Finance Ministry to go to Defence, has by his own admission never been a member of military circles and would much have preferred to leave that side of affairs to others.

"I would certainly refuse to become Defence Minister," he wrote in his entertaining volume "I Thought a Horse Trod on Me" published in 1975. The title suggests there have been not a few occasions when Herr Apel has had a nasty surprise at work.

But Herr Apel will also have to work himself quickly into a series of tricky problems (not the least of them the German attitude to the neutron bomb)

Hamburg citizen, Herr Schmidt, for displaying a Hanseatic sense of duty, toughness and common sense.

Aged 45, he has considerable international experience behind him—as a social democratic member of the European Parliament, as parliamentary State Secretary at the Bonn Foreign Office and since 1974 as Finance Minister. If he can succeed at his new job he will strengthen his reputation as likely successor to Herr Schmidt—who himself became Chancellor via the Defence and Finance posts.

But Herr Apel faces big problems. His predecessor, Herr Georg Leber, leaves behind him well trained and supplied West German armed forces and a high reputation in the NATO alliance. But Herr Apel will also have to work himself quickly into a series of tricky problems (not the least of them the German attitude to the neutron bomb)

in a distinctly uneasy atmosphere at the Ministry.

Herr Leber's last two years were marked by a series of controversial affairs, the latest of them involving espionage and electronic eavesdropping. The latter, in particular, remains a matter for parliamentary inquiry. And the very number of problems which afflicted Herr Leber have raised questions about how long he was served by his staff.

Herr Apel's successor, Herr Hans Matthöfer, faces major problems at the Finance Ministry too—including the continuing unrest surrounding the dollar and the run-up to the Western economic summit in Bonn in July. He is widely felt likely to need quite some time to work himself into a new and complex field.

Herr Matthöfer, aged 52, began his career with the metalworkers' trade union, IG Metall

—and is seen as Left of Centre in the Social Democratic Party. He has gained a reputation for forthrightness—not least in support of two of his particular causes, the situation of Spanish workers under General Franco and the plight of the developing world.

But his outspokenness has also brought him problems with colleagues. Last summer he made known that he expected ruling party congresses to decide on a moratorium on nuclear power station construction. This brought strong criticism from Herr Schmidt who felt—correctly it was thought—that such decisions were by no means inevitable.

Herr Matthöfer comes to the Finance Ministry from Research and Technology, which he has headed since 1974. The Finance Ministry is simultaneously losing a bright star in State Secretary Rainer Offergeld, aged 40, who is becoming new Minister for Development Aid.

## Suarez assurance on economy

BY ROBERT GRAHAM

MADRID, Feb. 3.

SR. ADOLFO SUAREZ, the Prime Minister, gave assurance today to his Ministers that the economy would be improved and restructuring of the economy remains the Government's top priority. This assurance was reportedly given yesterday during a session of the Commission for Economic Affairs, an inter-Ministerial body that monitors economic performance.

In the past two weeks several of the technical Ministries have become concerned at what they regarded as a major shift in Sr. Suarez's attention away from economic issues. A senior official said in an interview that Sr. Suarez appeared obsessed with assuring the public passage of the constitution under a form acceptable to his UCD party, to the detriment of other issues.

Since the elections last June the economy has been considered as the top priority.

As evidence of Government neglect of economic issues, officials cited the hurried response of Sr. Suarez to the energy plan, the dragging of heels over the admission of foreign banks and a virtual refusal to face up to the problems in the shipbuilding industry and the steel sector.

As proof of Sr. Suarez's concern to emphasise the importance of tackling economic issues, his staff have been careful to point out that his attendance at the

commission was the first since last July. Nevertheless, Sr. Suarez will still find it hard to give full attention to the economy because he has ideological problems within his party to resolve. In addition he is now showing concern over bolstering his image which has suffered a

crash among the public. The economy is now going through a crisis and the Government is likely to deviate sharply from the course laid down in the package of measures agreed last October between the Government and the main opposition parties.

Italy may have an interim government till December

BY DOMINICK J. COYLE

ROME, Feb. 3.

ITALY'S PRIME MINISTER, Designate, Sig. Giulio Andreotti, is understood to-night to have agreed the establishment of an interim government until next December which would concentrate essentially on four major policy areas—economic recovery, law and order measures, a crash programme to reduce unemployment and the maintenance of the country's traditional ties with the West.

The proposal, outlined to a special meeting of the leadership of Italy's long-ruling Christian Democrat (DC) Party, which was announced here late tonight, is Sig. Andreotti's response to a demand by the powerful Communist Party (PCI) for direct and immediate participation in a new administration.

The DC leadership reinforced by a significant body of the back-

benchers in Parliament has rejected totally the prospect of allowing PCI members directly into the Cabinet for the first time in some 30 years, a demand which the Communists claim is justified in order to tackle Italy's developing economic recession and the escalation of politically motivated violence in Italian cities and towns in recent months.

The Communists, publicly at least, are still insisting on their own formula for the creation of an emergency government, to include the PCI, a prospect which the Carter Administration in Washington has said it would not be able to support.

However, senior PCI members have indicated privately that the party would settle for much less than its original demand.

## Washington Star goes to Time Inc.

By Our Own Correspondent

WASHINGTON, Feb. 3. TIME INC. is to buy the Washington Star, the capital's afternoon newspaper, for \$50m, from Mr. Joe L. Allbritton, Texas millionaire who has effectively controlled the daily since 1974.

Mr. Allbritton will remain as publisher for at least another five years and will retain control of Washington Star Communications, the parent company which also has extensive broadcasting interests.

Time's purchase of the Star, still subject to the approval of both Boards, means that both this city's newspapers will be linked to the two major American news magazines—Newsweek is a subsidiary of the Washington Post.

Mr. Allbritton, who owns several race horses in Britain, is generally given much credit for having kept the ailing Star alive over the past four years.

Although over that period it has made quarterly profits, only twice—in the second and last quarters of last year—its immense losses were substantially trimmed.

At the same time, it is reckoned to be one of the most improved newspapers in the country, achieved under the direction of its former Editor, Mr. James Bellows. Mr. Bellows, however, whose relations with Mr. Allbritton were never smooth, resigned late last year to become Editor of a Los Angeles newspaper amid rumours of large staff cutbacks and possible closure or sale.

Founded in 1852, the Star was family-owned for the next 120 years and, for much of that time, the dominant newspaper in Washington before being overtaken in the past 20 years by the revived Post.

## U.S. unemployment rate falls to 6.3% in January

BY JUREK MARTIN

WASHINGTON, Feb. 3.

THE U.S. unemployment rate fell slightly to 6.3 per cent, in January, 0.1 per cent below the December rate. A total of 6.2m. people, seasonally adjusted, were out of work last month, virtually the same as in the previous month, while an extra 272,000 were in employment in January.

Some Administration officials, including Mr. Charles Schultz, chairman of the Council of Economic Advisers, had warned that unemployment might inch up a little following the sharp fall recorded at the end of last year: in December the jobless rate dropped to 6.4 per cent from the 6.9 per cent of November.

The Administration does not anticipate much further decline

in unemployment in the course of the year: according to the CEA, a 4.5 per cent rise in growth in the economy (contingent on passage of the tax cut proposals) should increase employment during 1978 by nearly 3 per cent. But this would be offset by a projected 2.1 per cent rise in the labour force, thus leaving unemployment at 6.6 per cent. (The official projection in the budget is 6.2 per cent.)

However, the Administration is carefully pointing out that past projections of the growth of the labour force have been unreliable: last year's expansion of the labour force was, for example, substantially above official forecasts of 12 months ago.

## U.S. expels Hanoi diplomat

UNITED NATIONS, Feb. 3.

THE U.S. sought the ambassador's expulsion under the terms of the UN Headquarters Agreement which, in section 13(B), bars delegates from abusing the privilege of residence in America.

The Vietnamese statement said the allegations against Mr. Dinh Ba Thi were fabricated and slanderous and "brazen pretexts" to compel him to leave the country. For these reasons, he would continue to carry out his duties as Vietnamese representative.

It was not known to-night what further pressures the U.S. might try to exert to remove the ambassador, who appears certain to receive the support of Communist delegations and many of those from the Third World.

Mr. Dinh Ba Thi was named this week by the U.S. as an alleged co-conspirator in an espionage case involving a U.S. information services employee and Vietnamese officials.

## W. German unemployed top 1.2m.

By Adrian Dicks

UNEMPLOYMENT in West Germany rose by 122,800 during January to reach 1.21m, while the unemployment rate rose to 6.4 per cent from 6.3 per cent during December.

An increase had been expected for normal seasonal reasons, and cold weather in many parts of the country last month added to problems in those industries where work is predominantly done outdoors.

Nonetheless, the January figures come as a disappointment. The Government's published estimate of average monthly employment this year is 4.5 per cent, and although January was expected to be well above this, the increase in jobless people since December was sharp enough to cause worried comments to-day from all political parties.

As a slight consolation, the number of people on short time declined by some 6,000 in January, though at 251,000 the total remained uncomfortably high.

The total of jobs available in January was 18,900 to 204,700, underlining the degree to which the West German unemployment problem is connected to the structure of the labour market.

The survey was produced by Arai, the large West German filling station operator, and covers the European countries. It shows that the British motorist pays only 66.8 pence a litre for normal petrol and 63.1 pence a litre for super. Britain is not at easy comparison with the rest of Europe because nowhere else in the EEC is such a wide range of petrol on sale.

However, in comparison, the next cheapest country for the motorist is Luxembourg, charges 75.5 pence a litre for normal petrol and 74.3 pence for super. Exchange rates have been based on late January prices.

West Germany, one of the most expensive countries in Europe in terms of average living standards, is the third cheapest country for the motorist.

U.K. lowest petrol price

BRITISH petrol prices are the cheapest in Europe, according to a report published here this week. The U.K. motorist, for instance, pays a full 54.3 pence less for "super" quality fuel than his Italian counterpart, who has to swallow the highest petrol costs in Europe.

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## FINANCIAL TIMES

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## Expectations trimmed

BOTH EQUITIES and gilt-edged have had another poor week with three factors, in particular, depressing investment confidence. First, the Government's efforts to keep down the average level of pay settlements and prevent the rate of inflation from beginning to rise at the end of this year are again being put to the test. The miners and power workers have this week rejected the initial offers made to them, there has been a renewed outcry on the political front against the Government's threat to penalise firms which it chooses to regard as having offended seriously against its policy of restraint, and the matter is now up for legal review.

Secondly, following the firm action taken by the Bank of England at the end of last week to discourage another fall in Minimum Lending Rate, there have been some anxious discussions in the City about the scope for reconciling sizeable tax cuts in the coming Budget with adequate control of the money supply. It is being suggested that either the Chancellor should not reduce taxes by the full amount made possible by the likely shortfall in the public borrowing requirement or that subsequent control of the money supply will involve rising interest rates and the rationing of credit. Third, the latest survey of industrial trends carried out by the Confederation of British Industry is far from cheerful.

## Competitiveness

So far as general confidence in the business situation is concerned, admittedly, the survey shows little change from the one taken three months ago. What it does show, apart from the general sluggishness of demand and output, is that export prospects have become much less promising, with a sharp drop in export orders which itself seems to be closely connected with a weakening of U.K. price competitiveness in export markets. The only really cheerful aspect of the CBI survey is the continued buoyancy of industry's investment intentions—and that itself, which is apt to change quickly, may well represent an intention to invest in labour-saving equipment rather than one to expand capacity.

The latest CBI economic forecast is, if anything, more depressing than the survey on which it is partly based. It expects rising consumer demand and capital investment to make for a higher growth of output in the first half of this year, though probably without causing any significant drop in unemployment.

ment. After that, however, growth might well fall sharply and unemployment begin to rise again. The balance of payments surplus might begin to drop in the course of the year for a variety of reasons, despite higher production of North Sea oil, and the rate of inflation would begin to rise unless pay settlements after mid-year were substantially lower than in the present negotiating year. All this, it must be stressed, is on the assumption of unchanged policies—in particular, of no tax cuts in the coming Budget.

## Efficiency

The pessimism of the CBI forecast would be easier for the markets to shrug off were it not for a noticeably similar recent decline in official optimism about the outlook. This seems to be principally due, so far as the immediate future is concerned, to a trimming back of earlier expectations about the growth of world trade and the scope for increasing U.K. exports. In the autumn it was believed that the economy would grow at a rate of 3½ per cent. in 1978 and that tax cuts could push the rate somewhat higher; now there is a greater tendency to believe that tax cuts will be needed even to achieve the 3½ per cent. figure.

But it is the period beyond the immediate future about which unofficial and official forecasters have recently become most worried. The Government may seek through fiscal and monetary policy to keep the economy growing at an average annual rate of 3½ per cent. But a Treasury official admitted to a Commons committee this week that this could still leave unemployment over 1m. in 1982 unless there is a marked improvement in industrial efficiency and that it could take the balance of payments quickly back into deficit. The paper read to the National Economic Development Committee by the Chancellor this week had a similar moral. Here the average growth rate of 3½ per cent. needed to bring about a gradual drop in unemployment was said to be conditional on an annual growth of world trade of around 8 per cent. and a future level of pay settlements well into single figures—both of which are slightly optimistic assumptions.

Anything more, however, would require not only these assumptions to be fulfilled but "a substantial improvement" in our industrial performance. It is this which the Government's industrial strategy is meant to bring about. The behaviour of the stock markets suggests some doubt that it will be brought about quickly.

## Left in mid-air by the airports policy

BY MICHAEL DONNE, Aerospace Correspondent

THE WHITE PAPER on a preliminary way, of what airports policy this week to do beyond that.

This is what the White Paper does not do. Primarily, what it says is that it is intended to develop Heathrow to cope with 38m. passengers a year, beyond the 30m. capacity that current developments will produce: to take Gatwick from 16m. to 25m. passengers a year; to take Luton from 2m. to 5m; and Stansted from the present 300,000 to 4m. These developments will yield a capacity for the London area of about 72m. passengers a year. This figure is itself only slightly above the White Paper's own "low" forecast of a traffic volume of 65.9m. passengers a year for the London area by 1990, and well below the "high" forecast of 89.4m. On the White Paper's own reasoning, therefore, even if all these developments are carried through, there will be possibly a marginal excess of capacity amounting to about 6m. passengers a year by 1990, but at the other end of the scale a possible shortfall of over 17m.

Beyond that, the White Paper does not go. All it says is that beyond 1990 there are certain options—a further major expansion of Stansted, to an undisclosed level but perhaps 10m. passengers a year; the development of some undisclosed military airfield as a civil airport, or the construction of an entirely new airport.

But the British Airports Authority points out that to take Stansted to 10m. will involve a "lead time" for all the necessary planning and consultation procedures of eight years; a period of ten years would be needed for converting a military airfield to civil use and 12 years for the development of a new airport from scratch.

This means that in effect, the Government ought to take a firm policy decision between now and 1982 at the latest on what to do beyond 1990—and the earlier it takes such a decision, the better. In fact, it has so far opted out of any such decision, preferring instead to concentrate upon the piecemeal development of existing airports.

The latter decision, too, is bound to cause considerable controversy, because it appears to many to be ill-conceived in the way in which it spreads the burden of future air traffic development between the four airports involved. Many who live around Heathrow will argue that it is unreasonable to expect Heathrow, just because it is there and already highly developed, to cope with another 8m. passengers a year, who could be transferred elsewhere. Similarly, many residents round Gatwick believe strongly

that it is unfair to expect Gatwick to go from 16m. to 25m. when Stansted is only being asked to cope with 4m.

It is in this situation that the seeds of the possible destruction of the Government's strategy already have been sown. The White Paper suggests that Heathrow can go to 38m. if a fourth passenger terminal is built on the South-East side of the airport, but it then goes on to point out that this is subject to a Public Planning Inquiry, to meet the already strongly expressed environmental objections of the local communities around the airport. What the White Paper does not take into account in its strategic assumptions is what will happen if those objections are so strong that the Government is forced to say in a year or two, that there can be no fourth terminal at Heathrow. It has already

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For example, a fourth terminal at Heathrow, capable of handling 8m. passengers a year, will throw enormous strains on the road system for miles round the airport, and require a huge increase in heating, lighting,

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But success might well this time elude them, for several reasons. One is that since their last successful fight, in the 1960s, the entire aviation situation has changed, and with it the attitudes of other communities. Residents around Heathrow and Gatwick, who earlier did not fight with too much conviction against what they regarded as the despoliation of their own environment, are now much better organised, much more articulate, much better briefed legally, technologically and politically, much more skilled at in-fighting, and no longer in any way intimidated by the big guns of Whitehall and Westminster. Moreover, they feel that they have right on their side, in that they believe it is contrary to natural justice to allow further development at Heathrow and Gatwick whilst Stansted remains comparatively unscathed in rural hills.

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This group, in the BAA's view, would comprise the authority itself (whose task is

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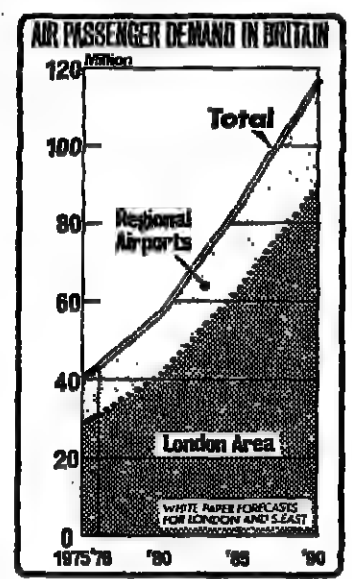
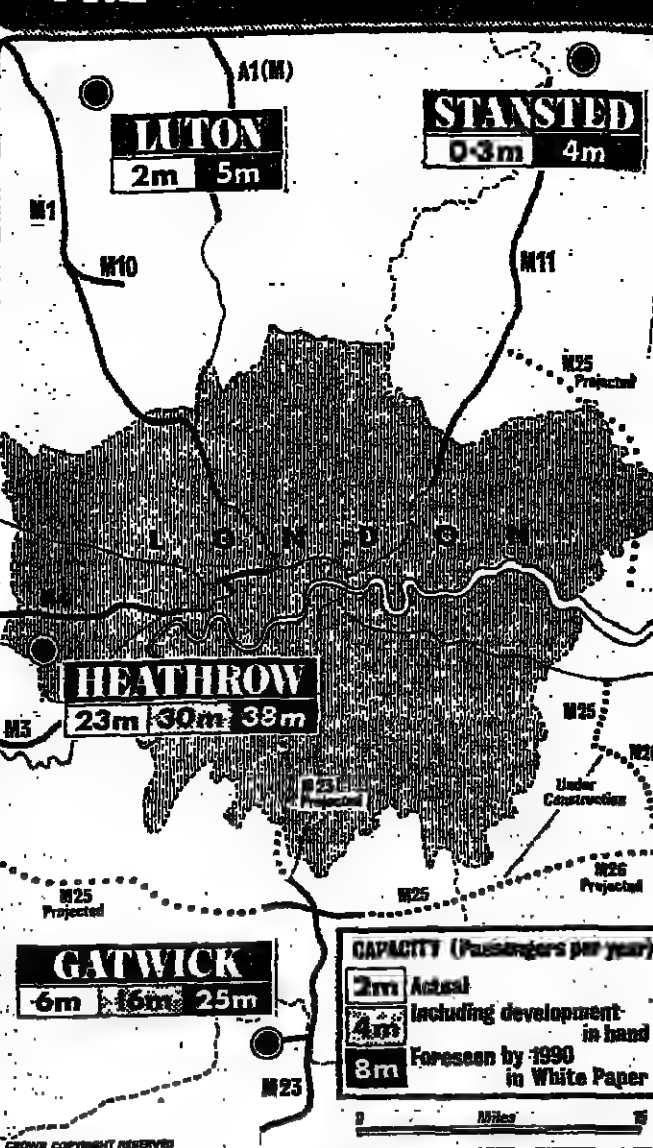
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## LONDON AREA AIRPORTS PRESENT and FUTURE



## Forecasting accuracy

The excuse for not going further is the difficulty of forecasting with any degree of accuracy future air traffic. Even the forecasts up to 1990 are widely spread—with a "low" of 68.1m. passengers a year throughout the whole of the country, and a "high" of 117.4m. For the London and South-Eastern region alone, the forecast spread is between 65.9m. and 89.4m. by 1990.

There is some justification for this. Even the British Airports Authority itself admits that its own projections of traffic growth made in 1972 were shattered by the oil crisis of 1973 and the subsequent industrial recession of 1974, which has bedevilled air transport worldwide ever since. But even allowing for this sort of disturbance, the aviation industry, both on the operating and manufacturing sides, believes that there will be continued further growth beyond 1990. Even if it is at a much lower annual rate than that now forecast (about 8 per cent. a year), the number of passengers will, of course, be much greater.

Add to this the long time that it now takes to get even a minor new airport development through all the conceptual, planning and environmental objections, and final Government decision-taking procedures, and it is argued that the U.K. ought to be thinking not just of what to do up to 1990, but, at least

## Residents' argument

The latter decision, too, is bound to cause considerable controversy, because it appears to many to be ill-conceived in the way in which it spreads the burden of future air traffic development between the four airports involved. Many who live around Heathrow will argue that it is unreasonable to expect Heathrow, just because it is there and already highly developed, to cope with another 8m. passengers a year, who could be transferred elsewhere. Similarly, many residents round Gatwick believe strongly

that it is unfair to expect Gatwick to go from 16m. to 25m. when Stansted is only being asked to cope with 4m.

It is in this situation that the seeds of the possible destruction of the Government's strategy already have been sown. The White Paper suggests that Heathrow can go to 38m. if a fourth passenger terminal is built on the South-East side of the airport, but it then goes on to point out that this is subject to a Public Planning Inquiry, to meet the already strongly expressed environmental objections of the local communities around the airport. What the White Paper does not take into account in its strategic assumptions is what will happen if those objections are so strong that the Government is forced to say in a year or two, that there can be no fourth terminal at Heathrow. It has already

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## Letters to the Editor

## Selfishness

From Mr. I. Grant.

Sir—One of the most justifiable attacks on western society must be aimed at the selfish over-exploitation of dwindling natural resources. It is often said that western man's consumption of many things from beef to steel is several times that of his counterparts in most of the third world.

Surely any revised tax system penalising excessive consumption would not only be fairer to those within our society, but also more just and socially responsible in a world wide context. If our political leaders are truly concerned with the plight of the developing nations, is it not time to consider such apparently national problems as personal taxation in a more open minded manner? I would find our ego-centric society more defensible if some pressure was brought to bear on the individual either to "pay through the nose" for his foreign colour TV, his sports clothes from Savile Row, his Rolls-Royces from Jack Barclay, for reasons beyond Professor Meade's desire (January 26) to permit the lower paid to accumulate savings along the lines of the rich.

We have often been reminded that our economy cannot be separated from the state of the rest of the world; should not we regard our tax system in a similar light?

I. S. Grant.

The Coppice,

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could be changed so that "arrangements a la Française" could be concluded, how happy the chairman and boards of our public sector companies would be! Of course, the French, realists that they are, know that, if for political reasons they must direct a state corporation to follow a "non-commercial course," a clearly defined compensation would be paid.

After many years serving as a part-time member on a state corporation board, I beg those responsible to spare the time and look what part of the French system could be adopted in the U.K. Not all is well in French state corporations, but so much of it is better.

F. S. Law.

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the applicable codes of the American Society of Mechanical Engineers. These codes have been further developed since the study was carried out. The Marshall Report recommends that even higher quality standards should be adopted in the U.K., and a corresponding reduction in accident risk would be expected.

Your report of January 11, that the Marshall Committee is to be reconvened, implies that further consideration will be given to the achievement of higher quality standards. Although the



\*From *Apes to Warlords*,  
Hamish Hamilton £7.95




Research carried out by the University of Columbia on the effects of noise, discovered that a typist "wastes 20% of all her available energy simply fighting the noise — an executive loses 50%."\*

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no extra cost. It looks attractive, won't chip, flake or fade and needs minimal maintenance.

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handicap doesn't just lead to wasted energy, but frustration, and in turn, an almost certain decline in productivity.

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## Further losses by Hardys Furnishers

## Vaux in a position to push up spending

## Colonial Securities

## Results due next week

Company		
<b>FINAL DIVIDENDS</b>		
Aaronson Bros.	.....	T
Abnamsers Holdings	.....	T
Abnamsers Securities Corporation	.....	T
Clayhouse Investment Trust	.....	T
English and New York Trust Company	.....	V
Forde Holdings	.....	T
Glass and Merald Holdings	.....	V
Hirsch and Maitland	.....	T
Levinson	.....	T
Levinson Pacific Outwater	.....	T
Northbrook Agricultural Industries	.....	T
Truitt Investment Trust	.....	T
Truitt Investment Trust	.....	T
Truitt Investment Trust	.....	V
<b>INTERIM DIVIDENDS</b>		
Asian Investments	.....	V
Asian Brothers	.....	T
Beckman	.....	T
Cusack-Tyler	.....	T

## Longton up so far but sees fall

## position to push up spending

## increase seen by Wintrust

**e next wee**

Name— Month	Dividend (%)		
	Last year	Final	This year
Thursday	0.25	2.15	0.61
Friday	—	2.11	—
Saturday	1.0	1.61	—
Sunday	—	3.2	1.7
Monday	0.8	1.25	1.65
Tuesday	0.52	1.53	0.715
Wednesday	—	7.73	—
Thursday	0.86	0.97	0.25
Friday	1.75	1.14	—
Saturday	0.23	1.034	—
Sunday	—	6.7	—
Monday	—	8.61	0.58
Tuesday	0.2	7.6	—
Wednesday	1.75	8.8	2.21
Thursday	—	7.9	—
Friday	0.7	1.174	—
Saturday	1.73	1.215	—
Sunday	1.6	6.65	—

## push up spending

little had changed with regard to the economic climate, except that steel prices were firmer which should help the steel stockholding division's second half-year.

1

Company	Yield
Energy Group	7.00%
Holdings	7.00%
Investment Services	7.00%
Manhattan Trust and Sons (Holdings)	7.00%
William Bauman and Son	7.00%
Proponent Holdings	7.00%
Real Estate	7.00%
Real Estate Construct	7.00%
W. Wood Group	7.00%

INTERIM FIGURES ONLY	
Investment Instruments	7.00%
Investment Services	7.00%
Investment Supply	7.00%
Investment Company	7.00%
Investment Companies	7.00%

\* Dividends shown net, cents per share.  
 \*\* Includes special dividend of 0.02  
 per share, second interim of 0.75p. \$1000  
 due.

## Pending

at the meeting, but that several hundred thousand more shares had been voted in favour of the meeting, and that he would send round as many as were necessary to make up the difference.

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Outcome	Dividend pay	
	Last year	This year
Monday	2.0	7.64
Tuesday	1.98	2.2
Wednesday	1.913	2.53
Thursday	1.93	0.7
Friday	1.94	2.302
Saturday	1.928	1.754
Sunday	1.9	2.31
Monday	2.373	5.84
Tuesday	0.78	0.807
Wednesday	1.28	0.558

and adjusted for any inter-rater discrepancy  
 2 Second minimum in lieu of first.  
 of 8.9 already paid. Second annual

**Stoddard down £0.32m.  
to £0.41m. halftime**

restored. If not, though the company continues to operate profitably, the level of profits will remain on a somewhat lower

Trading profit for the year was to Builders Amalgamated for £2 per cent. higher at £128m. £700,000 with completion due.

on deposit pending clarification of the capital gains tax position, the directors state. Interest

1973-78 which included associates' assets of £100,000. Turnover was £10m from 53,924 to 55,100. At mid-way a profit of £240,000 against £189,000 was reported. After a tax credit of £2,000 (£24,000), minorities of £4,000 (none) and extraordinary charges of £86,000 (£30,000) the deficit reserves is £910,000 (£400m). The company's share is 0.4p (5p) before extraordinary items. Again there is no dividend the last payment was 0.2p net in 1973-74.

The directors point out that poor results show a trading profit of £100,000, but losses for a first time in four years. As the European property companies have ceased trading, it is

Full provision has been made in the consolidated accounts for all terminal losses and the investment in the companies has been made against the former managing agents of the Belgian subsidiaries and proceedings have been instituted against them.

The investment in the associated company, Armour Edgworth, has been written off and provision made in the accounts against advances made to that company.

Of the extraordinary charges, £250,000 (£100,000) has been made in respect of the European property companies and the associated company.

## Plenty of choice for investors

records as proof. But by its very nature traditional with-profits business does not pass on the full time before a track established, so invest be on reputation.

## BIDS AND DEALS

## New offer to break Graff resistance

**GLAXO COMPLETES  
FOR \$33.6M.**

**shares tendered**

BOC International's U.S. subsidiary, BOC Financial Corp., chairman of Artoc, Mr. Leonard Walton.

new member of the Board is Peter de Savary, a director of the Leisure Group, 250,000 ordinary shares in Pontin's at 30p and 100,000 ordinary shares at 20p each.



## Take-over bids and mergers

# PICCADILLY

RM.F.4.278

**GRESHAM**

## M LIFE INVESTMENT BONDS

## Raymond Bloye leaves Thos. Borthwick

facturing beef in the U.S. had risen to 76¢ a pound from 60¢ last October.

Meanwhile, the slippage of shipments from Australia and New Zealand in the second half last year was benefiting profits this year. But industrial problems in New Zealand were still "rumbling" and several storms bad got the season there off to a late start.

The fall in net income was caused not by lower revenue from overseas sales but by a drop of \$169.2m. from \$139.2m.—but for provisions for losses on African investments and from substantial higher interest payments.

The group "wrote down its investment in Botswana RST, the rarest in Botswana RST, the nickel and copper producer, and in Roan Consolidated Mines of Zambia by \$125m. This was offset to some extent by a gain of \$61.9m. on the sale of its potash investments in Canada.

These transactions took place in the last quarter, as already reported, leaving net loss for the three months to December \$21.2m., compared with a profit the same period of 1978 of \$40m.

Interest expense over 1977 rose to \$60.7m. from \$20.5m. in 1976, but income tax credit fell to \$2.8m. from \$6.4m. the year before.

During last year Amax pushed up its revenue from molybdenum production, copper, oil and gas, and earnings fell from \$10.5m. to

acquired Matthews business. He experienced a troubled year but there was now "a feeling of optimism in the international trade" and the price of manu-

factures was \$68.90, (\$25.31) against \$150m. in 1978. Earnings per share were \$1.02 (\$3p) compared with \$4.34 the year before.

# AM LIFE

# NT BONDS

bond

withdrawal plan. There may be a liability to higher-rate tax and investment income surcharge when your bond is finally cashed, but you could

## Linked to five funds

Fill in the coupon below and send it with your cheque to Gresham Life. Investments must be in multiples of £1,000. Alternatively, consult your professional adviser as soon as possible.

Each fund is valued weekly and bid and offer prices are published daily in the Financial Times. Units will be allotted to you at the offer price ruling on the valuation day next after your cheque is received.

*You should remember that the price of units can fall as well as rise, and you should regard your investment as a*

**Augmenting your income**  
You can withdraw 5 per cent of your original investment each year for your retirement needs, and the balance will continue to grow as a long-term fund.

nent your income  
 liability to tax.  
 mptions of growth  
 do this without  
 your original

**tion**

ability to basic-rate  
 while your bond  
 operate the

Charges. An initial charge of 3 per cent, included in the offer price, pays for your life assurance as well as the administrative costs. There is an annual management charge of 2 per cent of the value of each fund. For the Life Fund the annual charge is 1 per cent.

**Share Exchange.** You may exchange a portfolio of unquoted securities, quoted investment stocks and ordinary shares (of a minimum value of £1,000) for Gresham Life Investment Bonds. This can mean a considerable saving in dealing costs.

**Cashing your investment.** Any bond may be cashed at any time, without charge, at the bid price ruling on the valuation day next after we receive your instructions. Especially in the case of the Property Fund, repayment may be delayed for up to 6 months.

**a Gresham Life Investment Bond.**

Insurance Society Limited, P.O. Box No. 1,  
 Road, Bournemouth BH4 9HD.

Registered in London No. 303257C

in the Personal History

between the variables tables is clearly a matter for yourself and your own professional advisers. Moreover, it is easy to convert the tables to suit a bond underwritten by the Grasmere Life Assurance Society Limited (minimum £1,000).

If the Society is unable to undertake this Proposal without the benefit of a medical report, would you be willing to have a medical examination? YES/NO

\*If "YES" please specify details separately.

\*If "YES" please specify details separately.

Name and address of your Doctor .....

..... Postcode .....

How long has he known you? ..... years

Please indicate whether all medical tests could result in any action as based on the basis of the Proposal being available.

Facts would be regarded as neutral if likely to influence the Society in its assessment or acceptance of the Proposal. If the

**Details of Life Assured (Block Capitalize Please)**

handwriting together with the statements (if any) made to the Society's Medical Examiner and signed by me, they shall be the basis of the proposed contract(s) of insurance with the Graham Life Assurance Society Limited.

I consent to the Society making enquiries of or seeking medical information of from any doctor who has attended me or from any Life Assurance Company, and I authorize the giving of any such information.

I have read the note above and understand it.

Postcode \_\_\_\_\_

Day \_\_\_\_\_ Month \_\_\_\_\_ Year \_\_\_\_\_

Signature \_\_\_\_\_

Date \_\_\_\_\_

Office \_\_\_\_\_

**M LIFE INVESTMENT BONDS**



## WALL STREET + OVERSEAS MARKETS + CHANGING PRICES

## Mixed on interest rate jitters

BY OUR WALL STREET CORRESPONDENT

A MIXED TREND developed on Wall Street today, when interest rate jitters and concern over slumping car sales frustrated several rally attempts.

The Dow Jones Industrial Average finished 4.30 down at 770.88, reducing its rise on the week to 6.78, while the NYSE All Common Index, at 849.72, shed 30 cents on the day but was still up 96 cents on the week. Gains led losses, however, by 677 to 682, while the trading volume fell 6.6m. shares to 19.4m.

Investors were worried about another big jump in Weekly Money Supply, putting a squeeze on the Federal Reserve to tighten credit further. The Fed said that Basic Money Supply M1 rose another \$700m. in the week ended January 25, while M2 jumped \$1.2bn.

In the economic news, the

during the last ten days in January. General Motors shed \$1 to \$333 on a 7.6 per cent. drop in sales. Ford also lost \$1 to \$411 on "flat" sales, while Chrysler

lost \$1 to \$151. The Dow Jones Industrial Average finished 4.30 down at 770.88, reducing its rise on the week to 6.78, while the NYSE All Common Index, at 849.72, shed 30 cents on the day but was still up 96 cents on the week. Gains led losses, however, by 677 to 682, while the trading volume fell 6.6m. shares to 19.4m.

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NEW YORK, Feb. 3

VIENNA—Little changed. Steyri-Danien gained on its terms for capital increase.

MILAN—Mixed to lower in thin dealings, reflecting continued uncertainty in political situation. Liquigas Group stocks improved while Olivetti Privatized marginally higher in depressed industrial.

JOHANNESBURG—Gold shares rose to 3.67 on close following higher bullion indications. Financial Minings mixed in quiet trading. Other Metals and Minerals lower in slack dealings. Industrials quietly mixed.

HONG KONG—Firm on technical buying. TOKYO—Mixed to slightly lower. Volume 330m. (same).

Some Blue Chips and Export Oriented. Electricals and Vehicles rose, while Steels, Textiles and Chemicals fell on profit-taking.

AUSTRALIA—Selectively mixed. BHP held unchanged at \$45.36 ahead of its interim results. Bank of New South Wales rose 4 cents to 5.15 and CBA gained 5 cents to 3.67 on improved half year results. Other Banks steady on cuts in interest rates. Properties firm. Lead Lease up 2 cents to 3.50 on slightly higher first-half profits. Steels firm, as did Uranium. Base Metals and Oils also slightly better.

SPAIN—Virtually unchanged, although Utilities moved above par.

AMSTERDAM—Prices eased on

Canada Stock Markets made further slight headway in domestic trading yesterday, with the Toronto composite index up 0.9 to 1,007.5.

Metals and Minerals Index rose 2.5 to 204.4. Golds 3.4 to 1,233.2. Utilities 0.31 to 160.28 and Banks 0.28 to 231.03. But Oil and Gas lost 4.4 to 1,357.8 and Papers eased 0.21 to 93.19.

PARIS—Shares continued to ease in quiet trading. Market remained undermined by further weakness of franc and higher domestic Money Market rates.

U.S. and German shares firm. Dutch, Oil and Canadian issues maintained. Golds also maintained. Corners irregular.

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## OVERSEAS SHARE INFORMATION

NEW YORK

Stock

Feb. 2

Feb. 3

Change

Div. Yld.

P/E

Market

Value

Cap.

Vol.

Trades

Open

High

Low

Close

Adj. Close

Bid

Ask

Spread

Volume

Turnover

Bid-Ask

Bid-Ask

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Inv. &amp; Prem. at \$2.60 to 2-77% (77)

Effective rate (at 1.9415) 321% (321)

Stock

Feb. 2

Feb. 3

Change

Div. Yld.

P/E

Market

Value

Cap.

Vol.

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Open

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Close

Adj. Close

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## Financial Times, Saturday February 4 1978

[illegible]

## LOCAL AUTHORITY BOND TABLE

Authority (telephone number in parentheses)	Annual gross Interest	Interest payable	Minimum sum	Life bond
Barnaley Matro. (02-626 202333)	91	1-year	250	4-Years
Boole (02013 51313)	91	1-year	500	4
Boole (02013 51515)	98	1-year	500	5-7
Leadings (0734 522337)	101	1-year	1,000	5-7
Fredbridge (01-478 30202)	84	1-year	200	5-7
Southend (0702 49451)	91	1-year	250	3
Thurrock (0373-5122)	98	1-year	300	3
Thurrock (0373 5122)	101	1-year	800	5-7
Wrekin (0952 303051)	73	1-year	500	2
Wrekin (0952 305051)	91	1-year	500	4
Wrekin (0952 306931)	98	yearly	1,000	4

## BUILDING SOCIETY RATES

	Deposit	Share Rate	Sub'pn Arcnts. Shares	*Term Shares
Abbey National	£2500	3.50%	4.75%	6.50% 3 yrs. 6.00% 2 yrs.
Alliance	£2500	5.50%	6.75%	6.50% 3 yrs. 6.00% 2 yrs. 5.75%
Anglia	£500	5.50%	6.75%	6.50% 3 yrs. 6.00% 2 yrs. 5.75%
Birmingham Incorporated	£500	6.00%	7.25%	6.50% 2 yrs. 6.25% 1 yr.
Bradford and Bingley	£2500	5.50%	6.75%	6.50% 3 yrs. 6.00% 2 yrs. min.
Bristol and West	£3000	6.00%	7.25%	6.25% 1 month's notice
Bristol Economic	£3000	6.00%	7.25%	6.30% 3 yrs. 6.00% 2 yrs.
Britannia	£2500	5.50%	6.75%	6.50% 3 yrs. 6.00% 2 yrs.
Burnley	£500	5.50%	6.75%	6.50% 3 yrs. 6.00% 2 yrs.
Cheltenham	£500	6.30%	7.25%	6.45% over £5,000
Cheltenham and Gloucester	£500	6.00%	7.25%	6.75% 6 months' notice, minimum
Citizens' Republic	£500	5.50%	6.75%	6.50% 3 yrs. 6.00% 2 yrs. £500
City of London	£500	5.80%	6.75%	7.55% 3 yrs. over £5,000
Coventry Economic	£500	5.50%	6.75%	6.75% 2 yrs. min. £500
Derbyshire	£500	5.50%	6.75%	6.30% 3 yrs. Cap. Shares 6.00%
Gateway	£500	5.50%	6.75%	Up to 80 3 months' notice
Greenwich	£500	6.10%	7.50%	3 yrs. 6.00% 2 yrs. min. £500
Guardian	£3000	6.25%	6.50%	6.50% 3 months' notice, minimum
Halifax	£2500	5.50%	6.75%	6.50% 3 yrs. 6.00% 2 yrs.
Hastings and Thanet	£500	5.50%	6.75%	6.50% 3 yrs. 6.00% 1 yr. £250
Heart of England	£2500	6.50%	6.75%	6.50% 3 yrs. 6.00% 2 yrs. min.
Hearts of Oak & Eufeld	£3000	16.75%	17.25%	16.75% 3 yrs. 16.50% 2 yrs. 16.25%
Hendon	£500	6.00%	7.25%	7.00% 6 months' notice, minimum
Huddersfield & Bradford	£500	15.50%	16.75%	16.50% 3 yrs. 6.00% 2 yrs. £100
Leamington Spa	£500	5.50%	7.31%	6.35% 2 yrs.
Leeds Permanent	£500	6.00%	7.25%	—
Leicester	£500	5.50%	6.75%	6.50% 3 yrs. 6.00% 2 yrs. min. £100
Liverpool	£500	6.00%	7.45%	7.10% 3 yrs. 6.80% 2 yrs.
London Goldhawk	£500	6.75%	7.50%	7.25% 3 yrs. 6.75% 1 yr.
Milton Mowbray	£500	6.10%	7.25%	6.85% 2 years
Midshire	£500	6.00%	7.25%	7.00% 3 yrs. 6.50% 2 yrs. min.
Mornington	£500	6.70%	—	—
National Counties	£500	6.30%	7.30%	6.50% 3 yrs. min. £500, 6.00%
Nationwide	£500	5.50%	6.75%	7.30% 3 yrs. 7.00% 2 yrs.
Newcastle Permanent	£500	6.00%	6.50%	—
New Cross	£500	6.75%	—	6.50% 3 yrs. 6.00% 2 yrs.
Northern Rock	£500	5.50%	6.75%	7.00% 3 yrs. minimum £500
Norwich	£500	6.00%	7.50%	7.00% 3 yrs. 6.50% 2 yrs. min.
Paisley	£500	6.00%	6.50%	—
Peckham Mutual	£500	6.50%	7.25%	6.80% 3 yrs. 6.50% 2 yrs. 6.25%
Pockman	£500	6.00%	6.75%	7.00% 3 yrs. 6.40% 2 yrs. 6.15% 2 yrs.
Progressive	£500	6.50%	7.75%	6.90% 3 months not. Min £500 to limit
Property Owners	£500	5.50%	6.75%	6.50% 3-4 yrs. 6.00% 3 yrs.
Provincial	£500	6.00%	7.25%	7.00% 3 yrs. 6.50% 2 yrs.
Skipton	£500	6.00%	6.35%	6.70% 3 months' notice, min. £500
Sussex Mutual	£500	5.50%	6.00%	6.50% 3 yrs. 6.00% 2 yrs. Min £500
Town and Country	£500	5.50%	6.75%	8.00% 2 yrs. 6.50% 3 yrs.
Woolwich	£500	5.50%	6.75%	—

\* Rates normally variable in line with changes in ordinary share rates. † Moneymaker  
‡ Maximum individual account £2,500. § Effective from March 1. ¶ Effective from Feb.

[illegible][illegible][illegible][illegible]

**FIRELAND (Graded)**

1960-187  
Macgregorade 75acum.Fr. 471  
Queen Street Warehouse 48acq. 2  
Remona (Renolet) 75acm.Bok. 124 E.  
JoeBarnardo, 189 S. 25 St.  
St. Pancras Housing Soc. Cw.Lk. E10  
Syceln, L193 195

\* Denotes listing temporarily suspended.

**FEBRUARY 1**

Birch Greene and Jourdain 195  
Cardiff and Provincial Roads. 45  
Farnley 153  
L.A.H. (Higgs). 32  
Shobens Oil and Gas (U.K.). £50? £80  
Liverpool Assurance Co. 26  
Medway Trst. 17% 75?  
MELV Computers 8E

**JANUARY 31**

Home Brewery 225 224 223 220  
Royal Bank 200 75Pct. 40  
Urquhart Ins. 61  
Wymondsey Park 355

**JANUARY 30**

Dart Valley Light Railway 30  
Grand Hotel, Manchester 7:50Cum.  
Hastings Greyhound 38E  
Leicester Racecourse RLE

**RULE 163**

Bargains marked for approval by companies engaged solely in mineral exploration.

**FEBRUARY 2**

Clyff Oil £4?  
Gas and Oil Acceage 92  
Shebens Oil and Gas (U.K.) 268 269

**FEBRUARY 1**

CCP North Sea Associates £10  
Shobens Oil and Gas (U.K.) 266

**JANUARY 31**

Clyff Oil £4?  
Gas and Oil Acceage 95 93  
Shobens Oil and Gas (U.K.) 272

**JANUARY 30**

Clyff Oil £4?  
Shobens Oil and Gas (U.K.) 268 270 271

**JANUARY 27**

Clyff Oil £4?  
CCP North Sea Associates £10?  
Shobens Oil and Gas (U.K.) 278 278  
275 272 270 268 266 284 282  
(By permission of the Stock Exchange Council)

**SBS**

this week. A considerable surplus will therefore be carried forward by the banks until Monday.

The Banks brought forward surpluses yesterday, and the market was also helped by the excess of Government disbursements over revenue payments at the Exchequer. On the other hand there was a net mark take-up of Treasury bills as finance, and a rise in the note circulation.

Discount houses paid \$1·6 p cent. for secured call loans at the start, but late balances were found at 3 per cent.

Rates in the table below are nominal in some cases.

Discount market deposit	Treasury Bill %	Eighteen Month Bull %	Nine Months Bulb %
3·6	-	-	-
5½-6½	5½-5½	6½-6½	6½-6½
5½-6	5	c/o	6½-6½
6-6½	5½-5½	c/o	6½-6½
-	-	6½	6½-6½
-	-	-	-

ended. \*Longer-term local authority mortgages - 100-125 per cent., @Bank bill rates in last column; commercial bank bills 90-94 per cent.; three-month Treasury notes 72 per cent.; and three-month local authorities 61½ per cent.; and four-month local authorities 61½ per cent.; and five-month local authorities 61½ per cent.; and six-month local authorities 61½ per cent.; and seven-month local authorities 61½ per cent.; and eight-month local authorities 61½ per cent.; and nine-month local authorities 61½ per cent.; and ten-month local authorities 61½ per cent.; and eleven-month local authorities 61½ per cent.; and twelve-month local authorities 61½ per cent.

**FOREIGN EXCHANGES**

## MONEY + EXCHANGES

## Rise in bill rate

## RISE IN BILL RATE

Bank of England Minimum Lending Rate  $\frac{1}{2}$  per cent. (since January 9, 1978)

The change of sentiment in the London money market this week was reflected in yesterday's Treasury bill tender, where the average rate of discount rose by 0.1383 per cent. to 3.9275 per cent. Bank of England Minimum Lending Rate was unchanged at  $\frac{1}{2}$  per cent. Lack of demand for bills has been reported during the week, and the discount houses were very willing to sell bills to the tendering authorities on Wednesday and Friday, but were very willing to sell bills to relieve any shortage earlier. was reflected at the tender, where the £500m. bills tendered attracted bids of £317.60m. compared with £314.07m. for a similar amount last week. The minimum acceptable bid was £28.51 $\frac{1}{2}$ , compared with £28.51 $\frac{1}{2}$  previously, and bids at that level were met as to a 53 per cent. All bills offered were allotted. Next week a £300m. will be an offer, replacing maturities of £450m.

Day-to-day credit was in a demand again, but discount houses declined the offer of Treasury bills from authorities for the second

[illegible]

## FOREIGN EXCHANGES

Loc.	Rank	Rate	Day's	Inters.
				1 line
New York	61c	1,820.00-1,850.00	1,240.00-1,340.00	
Montreal	71c	2,130.00-2,160.00	1,520.00-1,580.00	
Amsterdam	41c	4,450.00-4,510.00	4,370.00-4,400.00	
London	51c	1,000.00-1,010.00	980.00-990.00	
Geneva	51c	5,105.10-11	11,10-11	
Frankfurt	51c	4,006.10-11	4,000.00-10	
Madrid	10	77,780.00-77,810.00	75,000-75,030.00	
Paris	10	188,000.00-188,010.00	187,000-187,010.00	
Milan	51 1/2c	1,779.00-1,820.00	1,600.00-1,650.00	
Bombay	51c	9,500.00-9,550.00	9,395.00-9,445.00	
Calcutta	51c	9,500.00-9,550.00	9,395.00-9,445.00	
Yokohama	41 1/2c	465.47-470.00	465.47-470.00	
Yuan	61 1/2c	20.00-20.50	20.00-20.50	
Shanghai	12c	5,700-5,650	5,610-5,560	

3 Rates given are for convertible franc

சென்னை: 11.06.2023, 09.49.

OTHER MARKETS		NUTS	
Argentina	1262.5-1269.5	Argentina	3200-36
Australia	1.685-1.710	Australia	21-26
Canada	1.162-1.252	Canada	21-26
France	1.565-1.578	France	21-26
Germany	1.565-1.578	Germany	21-26
Hong Kong	1.325-1.355	Hong Kong	1.07-0.1
India	102-135	India	3.30-3.50
Japan	1.050-1.240	Japan	1.05-1.20
Malaysia	53.50-55.40	Malaysia	74-75
Philippines	1.475-1.485	Philippines	7700-136
South Africa	1.570-1.585	South Africa	1.57-1.58
Switzerland	1.570-1.585	Switzerland	1.57-1.58
Taiwan	1.570-1.585	Taiwan	1.57-1.58
U.S.	1.570-1.585	U.S.	1.57-1.58
U.K.	1.570-1.585	U.K.	1.57-1.58
U.S.A.	80.17-80.20	U.S.A.	1.94-1.95

## EXCHANGES AND BULLION

The challenge to the Government's pay guidelines by the miners and power workers led to a sharp decline by the pound in the foreign exchange market. The foreign exchange market yesterday closed with the pound opened at \$1.9490-1.9500, but fell to a low point of \$1.9320-1.9330 fairly quickly. It recovered to \$1.9375-1.9400 in the afternoon, and closed at \$1.9410-1.9420, a fall of 80 points on the day. Sterling's trade with the United States narrowed to 4.39 per cent. f.o.b. The Bank of England, fell to 86.4 from 86.7, after standing at 86.3 at noon, and 86.6 in early trading.

Forward sterling was also weak, with the short periods finishing at around par, and the longer periods moving to a discount against the dollar.

The French franc continued to lose ground, closing at Frs.4.90 in terms of the dollar, compared with Frs.4.8475 previously. The trade-weighted depreciation, Morzan Guarany figures, widened to 10.63 per cent. from 9.39 per cent.

The dollar's trade-weighted depreciation, on a similar basis, narrowed to 4.39 per cent. from 4.80 per cent.

Gold fell to \$174.1-175.0 from \$174.5-175.0 in the currency trading. The kgwari premium over its gold content narrowed to 6.50 per cent. from 7.80 per cent. for domestic gold, and was unchanged at 3.50 per cent. in the international market.

## EXCHANGE CROSS-RATES

Port	Frankfurt, New York	Berlin	Geneva	London	Amsterdam	Zurich
Frankfurt	12.1030-50	22.35-45.05	5.45-60	5.92-60	35.50-80	106.70
Berlin	1.35-14.45	23.45-25.45	5.45-60	5.92-60	35.50-80	106.70
Geneva	1.28-14.45	23.45-25.45	5.45-60	5.92-60	35.50-80	106.70
London	1.28-14.45	23.45-25.45	5.45-60	5.92-60	35.50-80	106.70
Amsterdam	1.28-14.45	23.45-25.45	5.45-60	5.92-60	35.50-80	106.70
Zurich	1.28-14.45	23.45-25.45	5.45-60	5.92-60	35.50-80	106.70

U.S. \$ in Francs: 1 franc = 100 centimes  
 U.S. \$ in New York = 19.12 cent  
 U.S. \$ in Milan 875.00-886.00  
 converting in Milan 1985.00-1994.00

**FLURO-CURRENCY INTEREST RATES\***

LONG CONTINUED ON NEXT PAGE

Rate	Index	Time	Dollar	£/s. 100s	Guinea	100s	100s
Tolant fut.	64 1/2	64 1/2	64 1/2	64 1/2	64 1/2	64 1/2	64 1/2
Three months	64 1/2	64 1/2	64 1/2	64 1/2	64 1/2	64 1/2	64 1/2
Six months	64 1/2	64 1/2	64 1/2	64 1/2	64 1/2	64 1/2	64 1/2
One year	64 1/2	64 1/2	64 1/2	64 1/2	64 1/2	64 1/2	64 1/2
Two years	64 1/2	64 1/2	64 1/2	64 1/2	64 1/2	64 1/2	64 1/2
Three years	64 1/2	64 1/2	64 1/2	64 1/2	64 1/2	64 1/2	64 1/2
Four years	64 1/2	64 1/2	64 1/2	64 1/2	64 1/2	64 1/2	64 1/2
Five years	64 1/2	64 1/2	64 1/2	64 1/2	64 1/2	64 1/2	64 1/2
Six years	64 1/2	64 1/2	64 1/2	64 1/2	64 1/2	64 1/2	64 1/2
Seven years	64 1/2	64 1/2	64 1/2	64 1/2	64 1/2	64 1/2	64 1/2
Eight years	64 1/2	64 1/2	64 1/2	64 1/2	64 1/2	64 1/2	64 1/2
Nine years	64 1/2	64 1/2	64 1/2	64 1/2	64 1/2	64 1/2	64 1/2
Ten years	64 1/2	64 1/2	64 1/2	64 1/2	64 1/2	64 1/2	64 1/2
Eleven years	64 1/2	64 1/2	64 1/2	64 1/2	64 1/2	64 1/2	64 1/2
Twelve years	64 1/2	64 1/2	64 1/2	64 1/2	64 1/2	64 1/2	64 1/2
Thirteen years	64 1/2	64 1/2	64 1/2	64 1/2	64 1/2	64 1/2	64 1/2
Fourteen years	64 1/2	64 1/2	64 1/2	64 1/2	64 1/2	64 1/2	64 1/2
Fifteen years	64 1/2	64 1/2	64 1/2	64 1/2	64 1/2	64 1/2	64 1/2
Sixteen years	64 1/2	64 1/2	64 1/2	64 1/2	64 1/2	64 1/2	64 1/2
Seventeen years	64 1/2	64 1/2	64 1/2	64 1/2	64 1/2	64 1/2	64 1/2
Eighteen years	64 1/2	64 1/2	64 1/2	64 1/2	64 1/2	64 1/2	64 1/2
Nineteen years	64 1/2	64 1/2	64 1/2	64 1/2	64 1/2	64 1/2	64 1/2
Twenty years	64 1/2	64 1/2	64 1/2	64 1/2	64 1/2	64 1/2	64 1/2

Euro-French deposit rates: two-day 132-131 per cent.; seven-day 131-140 per cent.; one-month 131-132 per cent.; three-month 151-132 per cent.; six-month 141-132 per cent.; one year 171-143 per cent.

Long-term Euro-American rates: two years 8-8 1/2 per cent.; three years 8 1/2 per cent.; four years 8 1/2 per cent.; five years 8 1/2 per cent.; six years 8 1/2 per cent.; seven years 8 1/2 per cent.; eight years 8 1/2 per cent.; nine years 8 1/2 per cent.; ten years 8 1/2 per cent.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 6.90-7.00 per cent.; three-month 7.10-7.20 per cent.; six-month 7.40-7.50 per cent.; one-year 7.70-7.75 per cent.

\* Rates are nominal calling rates.

† Short-term rates are call for sterling, U.S. dollars and Canadian dollars; days' notice for guilders and Swiss francs.

E STOCKS 3/2/78								
	Size (fm.)	Current price	Terms <sup>a</sup>	Con- version dates	Flat yield	Red. yield	Premium	
							Current	R
	9.05	144.00	100.0	78-80	8.3	4.2		
	1.40	190.00	300.0	76-79	9.5	9.6	- 2.0	-10
	8.22	149.00	47.6	77-79	6.0	5.2	- 7.2	- 8
	7.71	133.90	333.3	80-87	9.3	9.0	15.7	12
	0.55	0.21	1.0	78-82	8.5	4.1	- 4.5	- 7
	8.84	89.00	234.0	76-79	7.4	7.6	- 2.5	-11

13.31	90.00	150.0	16.84	13.8	13.9	53.8	40
139.30	100.00	180.0	72.72	2.5	2.6	2.5	10

122.30	105.00	120.25	75-78	8.3	9.3	- 3.3	- 12
4.51	80.00	57.1	76-80	8.4	9.2	8.5	- 9
0.07	220.00	470.4	75-79	3.2	0.1	-11.8	-15
1.06	134.00	168.7	76-82	11.3	0.1	5.8	2
5.50	180.00	125.0	78-87	6.3	2.9	10.8	4
7.33	99.00	133.9	74-79	9.2	12.5	41.1	31
11.10	95.00	40.0	76-83	10.3	10.3	28.3	23

(1) Amount of convertible stock is convertible.  
 (2) Three times the ratio of the number of Ordinary shares into which the stock is convertible to the number of shares of the same class outstanding from present time until maturity on Ordinary shares is greater than income.

is assumed to grow at 10 per cent. per annum and is present valued at 12 per cent. per annum. This is income of the underlying equity. The difference between the premium and income difference is an indication of relative dearth.

### **BANK CONVERTIBLE STOCKS 3/2/78**

Name and description	Sim. (£m.)	Current price	Terms <sup>a</sup>	C ven d
African Aluminium 9pc Cv. 89-94	9.05	144.00	100.0	76
Associated Paper 94pc Cv. 85-90	1.40	160.00	300.0	76
Bank of Ireland 10pc Cv. 91-96	8.22	149.00	47.6	77
British Land 12pc Cv. 2002	7.71	133.00	333.3	80
Change Wares 12pc Nt.Cv.Pt.	0.55	0.21	1.0	78
English Property 61pc Cv. 88-03	8.84	89.00	294.0	76
English Property 12pc Cv. 00-05	15.31	90.00	150.0	76
Grand Metropolitan 10pc Cv. 91-95	123.30	109.00	120.2	73
Hanson Trust 61pc Cv. 88-93	4.51	100.00	57.1	76
Hewden-Stuart 7pc Cv. 1995	0.07	220.00	470.4	73
Pentac 15pc Cv. 1985	1.06	134.00	168.7	76
Stough Estates 10pc Cv. 87-90	5.50	190.00	125.0	78
Forster, Kemsley 8pc Cv. 1981	7.33	80.00	133.9	74
Wildkinson Match 10pc Cv. 83-88	11.10	98.00	40.0	76

a. Number of Ordinary shares into which full nominal of convertible stock is divided. The number of shares in the convertible stock. The three figures in parentheses represent the number of shares in the convertible stock, the number of shares in the convertible stock, and the number of shares in the convertible stock, expressed in price, is assumed from present time until maturity of the convertible stock.

conversion date whichever is earlier. Income is assumed to grow at 10 per cent. convertible. Income is assumed until conversion and present valued at 12 per cent expressed as per cent. of the value of the underlying equity. C The difference underlying equity. + is an indication of relative cheapness. - is an indication



# STOCK EXCHANGE REPORT

## British Funds weak again and show falls to 1½ points

### Shares steadier but index down 1.8 for week's loss of 18.8

#### Account Dealing Dates

First Declaration Last Account  
Dealings Dealings Day  
Jan. 16 Jan. 26 Jan. 27 Feb. 7  
Jan. 30 Feb. 9 Feb. 10 Feb. 21  
Feb. 13 Feb. 23 Feb. 24 Mar. 7

\*New time "dealings" may take place from 9.30 a.m. to 10.00 a.m. on business days.

Stock Markets were featured yesterday by further marked weakness in British Funds which fell by amounts ranging to 1½. The Government Securities Index came back 0.82 for a loss over the last five weeks of 3.26, or 4.2 per cent., to 74.33. This is 6.3 per cent off last September's 85-month high.

Weak recently because of the many current uncertainties, not the least of which is the strike in power claims now being negotiated, the market was further depressed by yesterday's setback for sterling which was linked to the failure of the talks on power workers' and miners' pay.

Doubts persisted about money supply and the level of interest rates, while the current weak climate in Gilts gave rise to talk about the possible difficulties of the Government. Brokers may have to face in his efforts to fund official debt.

Leading equities held relatively steady in the face of the poor performance of the Funds, share prices moving within a narrow range as reflected in the FT 30 share index, down 3.1 at noon, at 1,456.7, the index having closed a net 1.8 down off 458.7. This is its lowest since November 24 last (456.7), when the market weakened on indications of the following day's 2 per cent. hike in Minimum Lending Rate, and yesterday's close is 90.3, or 161 per cent. below last September's peak since compilation. Movements in the index, however, were mixed and usually limited to a couple of pence although BP gave up 16 more to 780p.

The rise: falls ratio in FT equities widened to 3:1 compared with Thursday's 2:1 and widespread losses in the FT Actuaries Index ranged to about 1 per cent. generally with the All-shares ending 1.8 down for a week's loss of 4 per cent. Official marketings rose to 6.381 against the previous day's 6.122 and the week-ago 3,104.

#### Gilts deteriorate

Too many uncertainties faced the market in British Funds and the tide deteriorated throughout, to leave the longer maturities at the day's worst with falls extending to 1½ points. Fears that the authorities may find short-term funding difficult in the present circumstances have added to the gloom being felt this week over the current weak situation and the less promising outlook for the economy. Foreign holders joined with domestic sellers at

both ends of the market and the presence of a few sizeable orders, some thought to be on Continental account, ensured the failure of attempted rallies which were exclusively confined to the shorter issues. The long tap Exchange 10½ per cent. 1985 fell 1½ points to 26, or 4 points below the issue price, in £30-paid form, but this failed to tempt remedial action by the Government broker, while the high-coupon long was a maximum of 1½ lower. Although one or two brokers were leaning favourably towards the shares, their efforts were not enough to stem the tide and quotations fell in places. Falls of a similar nature were sustained by Corporations and Overseas issues, the Southern Rhodesian section clouded over, the 2½ per cent. 1985/79 bonds losing two points to 267.

The combination of renewed demand and the reluctance of sellers produced higher rates again for investment currency, but the close of 77½ per cent. up on the day, was below the best 78½ per cent. yesterday's SE conversion factor was 0.7540 (0.7543).

#### Composites down again

Sentiment in Composite Insurances remained soured by Sun Alliance's current clash with the Government over the recent pay award coupled with persisting rumours of an impending rights issue from Royal Sun Alliance drifted down to 520p before closing a further 5 off at 514p and Royal ended 3 lower at 373p, after 370p, making respective falls on the week of 31 and 25. Guardian Royal Exchange lost 4 to 222p and General Accident cheapened 2 to 213p as did Eagle Star to 185p.

Home Banks recorded small losses following a thin trade. Midland new all-paid shares softened a penny more to 11p premium, while the old were 2 off at 35p. Overseas issues on the other hand, improved throughout. Commercial Bank of Australia rose 8 to 190p and National Bank of Australasia 4 to 184p. Hong Kong and Shanghai advanced 9 to 389p; the preliminary results are due on February 28. Hambros relinquished 5 to 190p among Merchant Banks where Witnour gave up 5 to 210p despite the improved half-yearly earnings. In Hire Purchases, UDT hardened a penny to 42p; the interim results are due next Wednesday.

Breweries were quiet and little changed. Allied, typified, these conditions and closed without alteration at 82p, after 81p. Distilleries, however, were in easier vein, A. Bell fell 4 to 208p and recent speculative favourites, Highland, eased 2 to 154p.

Buildings passed a quiet session and closed mixed. Speculative

demand, based on bid hopes, in a thin market helped Midbury put on 5 to 100p, while Fairclough Construction hardened 3 to 65p. Laidlaw A 4 to 133p, while John Newarhill lost 6 to 154p and John Laidlaw A 4 to 133p, while RMC shed 3 to 118p and Redland A like amount to 133p.

Talk of the success of a new Swiss drug rivaling its major pharmaceutical product, Intal, unsettled Plisons which fell 15 to 360p, after 358p; the company claims that the Swiss drug is basically for hay-fever while its own treats asthma. Elsewhere in Chemicals, ICI edged forward to touch 342p before closing only a penny up on the day at 339p.

#### Hardy (Furnishers)

Stores ended the week on a dull note. British Home, 192p, and Mothercare, 166p, declined 3 and 4 more respectively, while UDS

200p, and Pethow 188p, while Telephone Rentals eased 3 to 129p and Forward Technology 2 to 105p.

Leading Engineers rarely strayed from the overnight levels. Tubes and Vickers both closed without alteration at 380p and 184p respectively, while J. Brown settled a shade dearer at 204p. Elsewhere, speculative buyers again favoured Weir Group which rose to 118p before settling at 115p for a further net gain of 11p, while Ransomes Sims were on offer at 123p, down 1, along with Whitehouse, which gave up 4 at 86p. Charles Clifford also encountered selling and reacted 4 to 86p, while falls of 3 were sustained by Lake and Milner 57p, Mitchell Somers 58p, and Mining Supplies 65p.

Smaller-priced issues to give ground included W. E. Norton 2 off at 288p. A lower trend also became evident among secondary issues as Norton and Wright shed 10 to 183p, Holt Lloyd International receded 9 to 123p and Diplomat Investments 6 to 141p.

Chite Haven lost almost a penny to 151p after the poor interim results, while Harris Lebus were the turn cheaper at 64p following its half-yearly figures. Further consideration of Procter & Gamble's proposed offer left D. M. Lancaster 1½ up at 61p. P.L. hardened a shade to 81p. Higher interim profits lifted Broken Hill Proprietary 10 to 410p and Watkinson 6p, shed 1½ and 2½ respectively. Alexanders eased 1½ to 17p in front of Monday's preliminary figures, while Appleby, 86p, and Adams and Gibson, 57p, lost 2 apiece. Kwik-Fit, however, revived with a rise of 3½ to 49p. Turner Manufacturing, a dull market of late on the chairman's profits warning, rallied 2 to 115p, while further consideration of Midland's takeover plan lifted British Leyland a penny further to 26p, after 273p.

Thursday's dull trend was repeated in Newspapers, with North Sea oil-orientated stocks again being the main casualties. Thomson were 3 off at 610p and Associated 4 lower at 150p. In Paper/Printings, DRG gave up 2 at 114p and Mills and Allen International cheapened 3 to 135p. Decca, however, were marked up a penny late to a 1977/78 high of 22p in response to the sharply higher annual profits.

A late rise of 7 to 92p in Clarke Nichols on the announcement that Guinness Mahon had agreed to sell its 20.3 per cent. holding in C.N. to Bremer Holdings provided the highlight in Properties, which accompanied the preliminary figures. Confectionery issues had Bluebird another 7 easier at 153p, while Biscuit

manufacturers had a couple of dull spots in Associated and United, both of which finished 4 cheaper at 72p and 149p respectively.

Hotels and Caterers were noteworthy only for light profit-taking in Savoy A, 70p, and Norfolk Capital, 40p, both 4 easier. J. Borel were also on offer and lost 1½ points to 211p.

#### Glaxo cheaper

Miscellaneous Industrial leaders lost further ground. Recently the subject of a broker's unfavourable circular, Glaxo eased 3 more to 555p, for a decline on the week of 40p. Reed International gave up 5 further to 123p, sentiment still affected by adverse comment on the third-quarter figures, while Bank Organisation closed 4 off at 288p. A lower trend also became evident among secondary issues as Norton and Wright shed 10 to 183p, Holt Lloyd International receded 9 to 123p and Diplomat Investments 6 to 141p.

Chite Haven lost almost a penny to 151p after the poor interim results, while Harris Lebus were the turn cheaper at 64p following its half-yearly figures. Further consideration of Procter & Gamble's proposed offer left D. M. Lancaster 1½ up at 61p. P.L. hardened a shade to 81p. Higher interim profits lifted Broken Hill Proprietary 10 to 410p and Watkinson 6p, shed 1½ and 2½ respectively. Alexanders eased 1½ to 17p in front of Monday's preliminary figures, while Appleby, 86p, and Adams and Gibson, 57p, lost 2 apiece. Kwik-Fit, however, revived with a rise of 3½ to 49p. Turner Manufacturing, a dull market of late on the chairman's profits warning, rallied 2 to 115p, while further consideration of Midland's takeover plan lifted British Leyland a penny further to 26p, after 273p.

Thursday's dull trend was repeated in Newspapers, with North Sea oil-orientated stocks again being the main casualties. Thomson were 3 off at 610p and Associated 4 lower at 150p. In Paper/Printings, DRG gave up 2 at 114p and Mills and Allen International cheapened 3 to 135p. Decca, however, were marked up a penny late to a 1977/78 high of 22p in response to the sharply higher annual profits.

A late rise of 7 to 92p in Clarke Nichols on the announcement that Guinness Mahon had agreed to sell its 20.3 per cent. holding in C.N. to Bremer Holdings provided the highlight in Properties, which accompanied the preliminary figures. Confectionery issues had Bluebird another 7 easier at 153p, while Biscuit

after a fresh bout of selling. Stock Conversion gave up 6 at 242p, while B. Smiley, 200p, and Great Portland, 306p, both fell 4. Still reflecting the proposed rights issue, Beaumont lost 3 further to 85p. Falls of a similar nature were sustained by Scottish Metropolitan, 100p, Peaseley, 71p, and Alnair London, 215p.

#### BP fall late

British Petroleum traded quietly around the 776p level before settling 16 down on the day at 760p. Shell shared a few pence to 484p, but Royal Dutch, up 1 more at 583½, continued to benefit from dollar premium influences. Among secondary issues, revised earnings lowered Oil Exploration 14 to 216p, while others to give ground included Tricore, 6 lower at 146p, and Siebens (U.K.) 4 cheaper at 264p.

S. and W. Beristoff closed 3 off at 207p in Overseas Traders following the chairman's statement, while Thomas Borthwick were a penny easier at 89p after the annual meeting. Mr. Raymond Blyde, a substantial shareholder, has unexpectedly retired from the latter's Board. Investment Trusts continued to drift lower with Capital Issues showing the way. Dunlop fell 4 to 188p, while New Thro-mog, 53p, and Ambrose Investment, 52p, shed 3 apiece. Rights and issues eased 2 to 22p. Elsewhere, Alliance reacted 4 to 105p and London Trust Deferred 5 to 185p. Financials had contrasting movements in Fashion and General Investments, 8 cheaper at 163p, and R. Kitchen Taylor, 5 higher at 67p in a thin market.

Shippings held close to the overnight levels. P. and O. Deferred finished a penny off at 107p, while British and Commonwealth, 278p, and Furness Withy, 330p, shed 2 apiece.

A string of modest falls in Textiles included a reaction of a penny to 30p in Stoddard A following the reduced earnings. In Tobacco, Imps eased a penny to 75p despite news that Courage subsidiary has been given the go-ahead for beer price increases. South African Industrials were notable for an improvement of 8 pence in Gold Fields Properties following Cape demand.

Peko-Wallend continued to hold the limelight in an otherwise dull mining section. Thursday's 35 rise, which followed news of the high grade uranium find, about 10 kilometres north-west of the Ranger deposit, brought a similar gain in overnight domestic markets and prompted renewed buying of the shares here which took the price up to 450p at one point before they eased a shade to close 10 higher on balance at 440p.

EZ Industries, Peko-Wallend's partner in the prospect, were un-

#### FINANCIAL TIMES STOCK INDICES

	Feb. 3	Feb. 2	Feb. 1	Jan. 31	Jan. 30	Jan. 29	A year ago
Government Secs.	74.83	75.65	76.10	75.61	75.84	76.19	65.90
Fixed Interest	78.72	79.16	79.44	79.20	79.44	80.88	65.54
Industrial Ordinary	458.7	460.5	462.8	467.0	470.0	477.5	403.2
Gold Mines	151.6	153.7	153.0	151.4	150.4	155.0	95.1
Ord. Div. Yield	6.84	6.91	6.71	6.75	6.69	6.61	5.74
Earnings Yr. 1977/78	17.76	17.71	17.41	17.45	17.46	17.10	18.87
2½% Rate (net) (%)	7.97	8.00	8.14	8.12	8.17	8.29	7.31
Dealings marked	6,861	6,122	6,019	6,358	6,300	6,104	9,265
Equity turnover £m.	—	—	—	—	78.72	94.99	103.08
Equity turnover total	12,058	13,291	12,817	12,568	15,900	19,795	—

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# AUTHORISED UNIT TRUSTS OFFSHORE AND OVERSEAS FUNDS

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## INSURANCE, PROPERTY, BONDS

[illegible]

Index Limited 81-351 3466. May Cocoa 1448-1456  
 and Low: Index Amount Road, London SW18 9HS.

**CLIVE INVESTMENTS LIMITED.**

Royal Exchange Ave., London EC3V 3LU. Tel.: 01-283 1101  
Index Guide's as at 24th January, 1978 (Base 100 at 14.1.77.)

Clive Fixed Interest Capital	135.06
Clive Fixed Interest Income	124.73

**CORAL INDEX: Class 455-461**

† Property Growth .....	71%
† Cannon Assurance .....	41%
† Vanbrugh Guaranteed .....	6.85%

† Address shown under Insurance and Property Bond Table.

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# FINANCIAL TIMES

## MOTOR

# INDUSTRY SURVEYS 1978

**The Financial Times will be publishing a number of Surveys, in 1978, relating to the motor industry, culminating with the Motor Industry Survey on October 16 which coincides with the International Motor Show at the NEC.**

**The full list of Surveys and publication dates are set out below.**

**FREIGHT TRANSPORT SYSTEMS February 20**  
**TYRES March 10**  
**SPECIALIST CARS March 17**  
**VEHICLE FINANCE AND LEASING April 12**  
**TRAILERS May 24**  
**EUROPEAN VEHICLE COMPONENTS June 6**  
**VANS AND LIGHT TRUCKS July 20**  
**COMMERCIAL VEHICLES September 25**  
**THE MOTOR INDUSTRY October 16**

publication date and for further details on these and advertising rates please contact Richard Willis

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